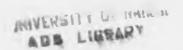
THE OPERATIONS OF SMALL SCALE ENTERPRISES IN RESIDENTIAL AREAS. A CASE STUDY OF THE DANDORA PROJECT IN NAIROBI.

BY

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A THESIS SUBMITTED IN PART FULFILMENT FOR THE DEGREE OF MASTERS OF ARTS (PLANNING), UNIVERSITY OF NAIROBI.

DECLARATION

This Thesis is my original work and has not been submitted for a degree in any other University.

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This Thesis has been submitted for examination with my approval as an University Supervisor.

Signed

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ABSTRACT

The study addresses itself to the small scale enterprises in the urban areas. However, the main focus of the study is on the small scale enterprises in the residential areas. It has been established that the small scale enterprises are geographically distributed in the urban areas, and thus have got varying problems. In this study, attempts have been made to investigate on the constraints hampering on the proper development of the small enterprises in residential areas. The efforts of the study are directed towards the incorporation of the small enterprises within the reisential areas without disturbing the planned structure of the estates.

In the study it was established that small scale enterprises has not been fully understood. The characteristics of the small scale enterprises has not been fully defined and it is difficulty to pin them down.

In examing the policy and legal environment of the small scale enterprises. The study established that there is a conflict between policy and the legal controls of the small scale enterprises. The policy designed for the small enterprises seeks to promote in favour of employment and Kenyanisation of the economy. The legal control eracted for the small scale enterprises as was observed sought to maintain the aethestic within the city environments. The two contrasting aims of the policy and the legal controls it was established in the study explains the disparity between policy implementation and the actual practice observed.

The study also established that the small scale enterprises were highly regarded as a source of employment. However, the study established that the enterprises receive inadequate attention and there is always a breakdown in the administration of their interest and needs. It was established in the study the uncordinated efforts of agencies involved creates unconducive, environment for the small enterprises.

In this study it was also established that small scale enterprises are a real source of employment. It was found that the small enterprises are not inadequate an type of employment. The operations of the enterprises were poorly organised and production was on subsistence basis. It was established that the state of these enterprises was a result of lack proper organisation, marketing and training. The

entrepreneurs are little equiped with the necessary knowledge of running a small enterprise efficiently.

In the conclusion, a summary of the study has been presented and it from it that planning issues are discussed. There are suggestions of problems which are hampering the small enterprises in the area. A number of recommendations are made on how to deal with the problems identified. The study also suggests a number of alternatives of incorporating the small enterprises in the area. The conclusion remarks of the study are made which proposes that further research should be made in creating centres which spenalize on less formdised ways of assisting the small scale enterprises.

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CHAPTER ONE

INTRODUCTION

1.1 Study background

The economic analyst of developing countries economies have questioned the development strategies advanced by the modern-traditional model of the economy. These strategies have not succeeded in transforming the economies of these countries as they did in Western Europe. As a result of this, the economist and the policy makers in developing countries feels that the strategies should be redesigned to suit the countries development goals. Often these strategies are accused of creating poverty condition among the population.

The strategies advanced so far emphasize on growth in the economy which is equated with development. This assumption is not the case in developing countries where efforts by Government to improve the living standard of people using these strategies have failed. Despite the respectable growth of the economy, economic development in developing countries is marked by growing inequalities in income and wealth.

Due to failure of these development strategies based on modern-traditional analysis, most governments have developed an urge to formulate policies that

focus on their development priorities. According to Todaro (1977) intentions of Governments to change policies developed in the early 1970s. He noted that the change in perception of the nature of economic activities in the public and private circles has promoted a shift from growth to quality of life¹.

To those interested with the development problems in developing countries it has become clear that part of these problems experienced are as a result of the emphasis on the modern sector. Attention was always devoted to the modern sector which the Governments hoped would meet their goals in development. Thus, to assist the modern sector play its roles the governments of developing countries granted priveleges to the sector by providing credit, concessions and protection from competition through tarrifs, quotas, and trading licences².

One of the shortcoming of the modern sector has been its incapacity to provide jobs for the expanding population. This has denied the people a chance to meet their basic needs, and the problem proves serious in the urban areas where employment is basic for survival. In the urban areas of developing countries the growth of urban labour force have already exceeded the available jobs in urban wage employment. Todaro (1977) had indicated that

the growth of urban labour force was growing at a rate of 4 and 7 per cent. He also indicated that the growth of employment opportunities was at an average of 2.5 per cent³. In such circumstances chances of securing a job in the urban wage sector is difficulty and only a few would get jobs.

The concern to create jobs in the urban areas has become a major consideration. One of the argument advanced towards the creation of new jobs in urban areas is that it can only be possible outside the modern sector. It is argued that the new jobs in urban areas have to be created through establishment of small scale enterprises. The small scale enterprises it is always said are within the reach of the majority of the population. In addition, the small scale enterprises are not expensive and can be managed with minimal capital.

The advocates of the small scale enterprises have been fascinated by their creativity and innovativeness under constraints of harsh weather, credit and harrasssment. Inspite of all this, the small scale enterprises have flourished, and thus recording a striking growth in the urban areas of developing countries. In most of these countries,

Kenya being no exception, the small scale enterprises have developed in the urban area without the official support from the urban authorities or the central government. However, faced with extreme poverty among the population, the authorities are left with no option but to adopt the small scale enterprises.

1.2 Statement of the problem

The interest of small scale enterprises in developing countries emerged in the 1970s. In many of these countries the interest has been created by the awareness of the limitations in the modern sector such as failure to generate employment. However, the interest was generated by the International Labour Organisation in studies carried out in developing nations. Such studies were carried in the Phillipines, Sri-Lanka, Sudan and Kenya. The Kenyan report on employment, income and equality (1972) was however the one that revealed the potential of the small enterprise in the urban economy.

Prior to the international labour report (1972)
little was known about the small scale enterprises
in Kenya. As stated in the International labour
report the only survey available on the small
enterprises was only for the small scale non-agricultural
enterprises. But, the knowledge of the importance

of the enterprises had existed earlier on. In the developed nations, the small scale cottage industries formed the backbone of the industrial revolution.

Among, the developing nations of India and China, the small scale enterprises have been encouraged along side with large scale industrialization.

In Kenya, the importance of the small scale enterprises in urban areas was identified by the International labour experts in employment and income generation, and in training the country entrepreneurs. During the International Labour Organisation Survey in Kenya, the small scale enterprises were found extremely important in that they were able to accommodate "ten thousand of men and women" in urban areas. In the rural area the small scale enterprises had a labour force of 190,000 in 1969⁴.

In the International Labour Organisation
report the enterprises were presented as the best
way to make use of the available resources of labour,
capital and technology. As a result of this, the
small scale enterprises have been looked upon to
bring about development at low costs. The small
scale enterprises have therefore been found
particularly relevant by the Kenyan Government in
the process of Kenyanising the industrial and commercial

sector of the economy.

Nonetheless, the importance of the small scale enterprises is not that visible. The existence of such small scale enterprises selling quantities of similar good, appears uneconomic to those used to wealthy environment. Also, their economic importance is dumpened by their poorly constructed workshops and for those obsessed with the aethetics in the city environments, the small scale enterprises are offending trades. Due to this vaqueness, the small enterprises in most the cases are subjected to strict controls and are received with mixed feelings. But despite all this, the small scale enterprises continue to survive. This is attributed to lack of productive work opportunities and the demand of goods and services offered by the small scale enterprises.

In Nairobi, which is the dominant centre of Kenya, the growth of small scale enterprises have been rapid. The rapid growth of the small scale enterprises have been a result of a number of factors all beyond the control of the enterprises. Zwanesburg theorising on urban poverty inNairobi had noted that the city was designed to cater for the wealthy minority⁵.

As a result of this the economic needs of the less privelleged who were the majority was not planned for.

The multi-racial economy that had displaced the traditional indigeneous economy of the Kenyan citizen disregarded any initiatives undertaken by the local citizens.

Kenneth (1977) observed that in the divided economy introduced by the colonialist the Africans were discouraged from undertaking productive opportunities in industry and commerce⁶.

The production structure of the city of Nairobi has also contributed to the emergence of the small scale enterprises in the city. From the very beginning, Nairobi was developed as an administration centre supported by tertiary industries instead of large-scale industries. This therefore shows the city has a weak structure which cannot face the challenges exerted by the increasing rate of landlessness and expanding urban population. The situation has become worse in the independent era after restriction to Nairobi was lifted and this has seen a high influx of people and a tremendous increase of small scale enterprises in the city.

In the colonial period, the small scale
enterprises were ignored and were often associated
with the squatter areas of the African population.
Today, the concentration of the small enterprises
is no longer restricted to one section of the city.
These days the small enterprises are in fact major
land-uses in the residential, industrial and
commercial zones. The spatial distribution of
these small enterprises in the city often coincides
with the demand generated in a zone.

For instance, along the main streets and avenues in the Central Business District of Nairobi City, the main enterprises are operated by taxi-drivers, Newspaper and magazine vendors, florists, curio merchants among others. These enterprises though strictly controlled by the city authorities, do locate in the city centre in response to the demand generated by the upper and medium earners. The small scale enterprises in the residential areas normally deals with household goods such as foodstuffs, furniture, charcoal, hardware and second-hand clothes. A high concentration of the small scale enterprises in residential areas is mainly found in the slums and squatter settlement. This is where the control of the city authorities is least exercised. Here it is common to find houses that have been converted

into small general shops, butcheries or drinking places. It is also in these low income households areas that employment among the resident is high.

In each of the zones within the city, small enterprises are normally strategically located. This tendency towards strategic positions illustrates the rationality of the entrepreneurs in locating their enterprises. In addition, the pattern displayed by the small enterprises demonstrates their importance in the distribution system in the city.

often the presence of the small scale enterprises in the city raises difficulty questions of administration. The city authority efforts to control the small enterprises by providing market stalls, open air markets, light industrial zones have not managed to legitimize the enterprises in the city.

In Dandora, the study area of the research, the small scale enterprises have succeeded in creating business zones outside the area planned for business. The small scale enterprises in the area have been located on plots, outside the plots, open spaces and along the communication routes within the estate.

The location of the small enterprises outside the planned area contravenes the purchase agreement cluase seven that states "the building will be used as a private residence for yourself, and your family.... you will not carry on, or permit to be carried on, in or on, or about the plot any trade or business whatsoever".

Appparently, the enterprises have developed in all the areas that have been prohibited. Those activities that have flourished within the unplanned zones are similar to those located in the planned zones. Certain activities such as bars, found in the residential areas do not conform to the planning quidelines. In addition, the location of small enterprises on plots reduce the housing stock available for the low income households. Thus, the operation of the small scale enterprises in the study have offered a paradox in residential development. the study areas, as is the case in Nairobi, the enterprises are important in that they provide jobs, goods and services at favourable terms, affordable to many. At the same time, inspite of these small enterprises positive attributes, they have degraded the human environment in Dandora. The proliferation of the small scale enterprises within the residential

areas has results to overcrowding, and congestion.

The study area is also known for its insecurity

which is attributed to the ad hoc development of the

small enterprises.

The situation that has risen, frustrates the government objectives of providing shelter and employment to the population. The development of the small scale enterprises without proper guidance reduce the supply of decent housing. From an employment view, the problem lies in the generation of many enterprises that hurt each other in their operations and hence the low incomes.

The study intends therefore, through research investigations, to seek ways and means of maximising the positive attributes of the small scale enterprises in residential areas. It is also concerned with how these small scale enterprises can be accommodated in residential areas without disturbing the existing planned structure and those living in the estates.

1.3 Working Definition

In Kenya, it is difficulty to give a satisfactory definition of the small scale enterprises. At the present there is no clear distinction set between

the existing small scale enterprises. The small scale enterprises are known to comprise disaggregated enterprises which are geographically distributed within various institutional setting.

Many terms have been used to describe the enterprises in their various backgrounds and such terms used includes, "cottage industry", "Jua Kali", "Small Scale Industry" and small enterprises.

The concepts used to define the enterprises are different in that they capitalise on certain identification traits of the activities, and as such it is erroneous to use the terms interchangeably as is commonly done in the Kenyan context.

Silluvian and Friedman (1975) a classification of the urban economy divided the employment sector into three parts, namely, the formal corporate, formal small scale and the informal individual enterprises.

In the Kenya context, it is the difference between the formal small scale and individual small scale enterprises of the self employed that have not been soughted out, hence the uncertainity of terms. The formal small scale enterprises lies between the competitive formal corporate sector and individual enterprises.

Quijana (1974) as reported by Gilbert and Josef (1981)

Friedman and Silluvian (1975) model of urban economy in "Developing World Industry" by International office, for urban Development.

observed that the small formal, enterprises dermacates the competitive manufacturing and the semi-manufacturing artisan production. He noted that the small-scale formal enterprises have no stability, and in so are delicate enterprises, since their competition and market protection are not adequately provided, as is the case with the formal corporate sector of the transnationals. The formal small-scale enterprises are mainly industrial, service and trade establishment of the upcoming local enterpreneurs. The enterprises differ from the informal enterprises in that they have modern attributes in their management, production and marketing.

The small formal enterprises do not therefore fall under the informal section since they are registered in the employment statistics. In Kenya, the informal sector is defined as those enterprises that fall outside the numerated activities. In the urban areas, the Central Bureau of Statistics defines the enterprises as those "semi organised and unregulated activities, undertaken by self employed persons in the market stalls, in underdeveloped plots or street pavement" (CBS 1983, p. iii).

of Statistics, largely suites the hawking activities in the city that are governed by the Hawkers By-laws. Under these By-laws, hawking is defined as placing oneself in any street, public place, or enclosed land, or going about in streets or public places or from premises to premises for purposes of carrying a trade by sale of exchange of goods, wares, or merchandise. The hawking enterprises are required to obtain a hawkers licence 10.

For the purpose of the study these are the enterprises that are referred to as small scale enterprises. These are mainly the enterprises operated by the self employed, with or without a licence and are the lowest type of activities in the urban economy.

1.4 Objectives and Assumptions

In carrying out the research the study focused on the following three objectives:

- Appraisal of the nature and operation of the small scale enterprises in low residential areas.
- To investigate the constraints suppressing the growth potential of the informal small scale enterprises.

3) To make policy recommendation that would assist small scale enterprises.

The main assumption underlying the study objectives are as follows:-

- 1) A well articulated regulatory system to guide and control the development of the informal small scale enterprises enhances their role in low residential areas.
- The Government policies towards the informal small scale enterprises enhance their productivity, income and employment generation.
- of the migrant labour and the urban residents is a positive contribution in the urban economy. Hence, a more favourable working environment strengthen their contribution in the economy.

1.5 Research Methodology

The data used in analysing the research problem was obtained from two sources, the primary and the secondary sources. The secondary data was obtained from the

published and unpublished literature on the research topics.

The acquisition of primary data involved the following methods.

- (a) Questionnaire administration
- (b) Interviews
- (c) Participants' observations.

The main source of primary data was obtained from the questionnaire (see appendix I) which was administered to owners of enterprises outside the planned market areas.

Before, sampling the enterprises for detailed analysis, a census of all the small enterprises outside the planned market areas was carried out.

The census was carried out on the sub-sectors of manufacturing, service and trade. The survey was undertaken to obtain the population of the enterprises in the area. In addition, the enumeration exercise was carried out to enable the researcher accumulate knowledge of the nature of enterprises. The population of the enterprises surveyed included all those activities operated on permanent trading points which are either open air premises, kiosks and in houses.

The enterprises enumerated in the survey are listed below under the three categories of Trade, Manufacturing and Service.

Trade

- 1. Butchery
- 2. Bars
- 3. Retail Kiosk
- 4. Paraffin
- 5. Charcoal dealers
- 6. Tea kiosks
- 7. Meat roasting
- 8. Eating places
- 9. Maize roasting
- 10. Sale of foodstuffs
- 11. Timber merchants
- 12. Sale of clothes
- 13. Lodgings.

Manufacturing

- 1. Metalworks
- 2. Tailoring
- 3. Shoemaking
- 4. Carpentry

Service

- 1. Laundry
- 2. Barbers
- Hair saloons
- 4. Watch repair
- 5. Shoe repair
- 6. Electrical repairers
- 7. Motor vehicle repairs
- 8. Health clinics
- 9. Nursery Schools.

Having obtained the population of the enterprises for all the five zones, a sample of 110 enterprises was decided upon. This figure represented 5 per cent of the population of all the enterprises with a trading location either inside a house, open air, or in a temporary structure. The survey thus excluded the mobile hawkers and traders.

Due to the homogenity of the enterprises in the research area, the questionnaries were divided equally in the five zones. Thus in each area, 5% of the total enterprises enumerated were chosen for interviews. However, the questionnaires were administered to only those enterprises that fitted the description of the small scale enterprises. In

the research, therefore those enterprises with an element of professionalism were not considered. These were the enterprises providing community and social services such as health, education, and vocational training.

Other activities, such as changaa brewing, goat-keeping, were excluded on the basis that they had methodological problem of getting the data.

These activities were not considered ideal in the residential area, and this also applies to bars and nightclubs.

Table 1.1 below shows the number of small scale enterprises from which the sample was drawn and the number of enterprises interviewed in each area.

Table 1.1 Population size and sample size

Area	Census	Sample
I	423	21
II	687	35
III	348	17
IV	423	21
V	327	16
Total	2204	110

Source: Field Survey

In sampling the enterprise and to be interviewed, purposive sampling method was adopted and this involved interviewing at least every activity. The proposal of the research was to interview the head of the enterprises or the assistant running the business, on behalf of the owner. The proposal was realised in that 82% of those interviewed were owners of the enterprise.

1.6 Scope of the study

The research work was concerned with entrepreneurs operating small scale enterprises in Dandora. The focus was on those enterprises operated in the unplanned commercial zones within the residential areas.

In carrying out the investigations, the research as stated in the first objective was concerned with the nature and operation of the enterprises in the area. The main concern was to evaluate the performance of the enterprises in the study area.

The second objective was to investigate the constraints suppressing the proper growth of the enterprises. Investigation is therefore carried on the economic and non-economic policies so as to identify the external constraints. The socio-economic

characteristics of the entrepreneurs are investigated to provide information on the internal factors constraining the operation of the enterprises.

Finally, the ultimate objective is to work on recommendations on how bottlenecks imposed on the enterprises can be eliminated.

1.7 Limitations

Difficulties were encountered in obtaining information from the local authority officials in City Hall. The procedures of obtaining clearance to collect information and hold interviews with the officers was long. This delayed the process of data collection thus hindering the research to progress as had been planned.

Further, difficulties in obtaining information from the respondents was also encountered. The administration of the questionnaire was carried out when the Town Clerk had issued directives that all illegal structures would be demolished. This made the respondents very nervous and suspicious about the research. Many respondents were not willing to offer information since they did not see a future for their enterprises.

Again, those who provided information were reluctant to disclose information on profits, incomes, or wages of their employers. The proprietors of the enterprise doing relatively well expressed the fear of taxation, and the proprietor of low level enterprises complained that they receive not profit from their bussiness.

1.8 Data Analysis

The main purpose of the research investigation was to yield descriptive data for the study. This has dictated the use of tables and percentages in the data interpretation. Thus, data which was collected through questionnaire administration was subject to descriptive analysis.

1.9 Organisation of study

Chapter one is the introduction of the study problem. Chapter two of the study provides theoretical issues of the study. It discusses the concept, role of the small-scale enterprises in the urban economy. The Chapter three of the study focus on the policies and legal aspects of the small-scale enterprises. In Chapter four information about the study area is provided. Chapter five of the study reports on the research findings and their highlights. The last chapter deals with conclusions and recommendations of the study.

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2.0 THEORETICAL ISSUES OF URBAN SMALL SCALE ENTERPRISES

2.1 Introduction

The high rate of population growth in cities of developing countries is among the various factors that lead to chronic urban unemployment. The other factors cited includes sluggish industrialization, inappropriate education systems and imbalances between rural and urban areas. Todaro (1977) had predicted that the population of the cities in third world was to quadrable in the second half of this century. He revealed that the growth of the cities was at the rate of 6 and 7 percent and these high rate was a result of the massive shift of population from rural areas to urban areas. 1

According to the World Bank (1972) migration from the rural areas accounts for half of urban 2 population expansion. In the theory of migration it is stated that migration is caused by 'push and pull' factors. The town-life has got the pull factors in terms of emancipation people from traditional prescriptive norms, high incomes and the attractive amenties such as, the good roads and water supply. The push factors are mainly element of the rural life which is characterised by low labour returns, landlessness and

lack of amenities such as those in urban areas. The migration process may also be explained in terms of the factors influencing the decision to migrate and viewed in this manner migration becomes a selective process. People migration to town is influenced by social, physical, demographic, economic, and cultural reasons.

However, with the chronic urban unemployment the attraction to town as such can be of little significance. In a report prepared by the Agency of International Development on Developing World Industry (1976), It was revealed that two million people in the third world cities live under poverty conditions. The report further stated that among them, one out of every four able and willing persons are unemployed. Todaro (1977) at about the same period observed that open unemployment in the urban areas was affecting 10 to 20 percent of the labour force. This could have been a 'push-back' from urban areas but it seems that the migrants prefered the urban poverty conditions more than the rural misery.

Since, there is a dire need to migrate to towns, governments are faced with a challenge to provide productive work for the migrants to cities. According to the Developing World Report (1976) provision of job

opportunities to the unemployed can only be possible through major structural changes in the policy environments. This view is also held by Wohlumuth (1973) who suggested that there was need to re-examine policy-making and formulation that relates to provision of productive self employment. Further, the Developing World Industry Report (1976) added that the efforts to create productive work cannot be effective unless the attitude among Governments towards low standard is altered.

In its campaign for self employment the International Labour Organisation Mission to Third World Countries of Kenya, Phillipines, Columbia, Sudan called for a change in attitudes towards the productive work of the self employed. The International Labour Organisation Mission to Kenya (1972) was the one that emphasized a change of attitudes among Governments towards the self-employed created jobs.

This International Labour Organisations report to Kenya was part of the wider campaign to introduce a new interpretation of self employment. It all started when it was realised that jobs in urban areas could not be created through largescale industrialization, the way it happened in Europe and elsewhere.

Before the International Labour Organisation revealation about the self-help activities potentiality in the economy, their magnitude and nature had not received any systematic and detailed treatment. More often, self-employment was seen as another type of disguised employment. The term self-employment to many people connotes under-employment, a concept coined to express unproductivity and the idleness involved.

So far, the debate theorising on self employment has not been conclusive. This means that an established theory that explains the self-help activities of the the unemployed in urban areas has not been found yet.

From the 1970s research has been intensified to ascertain the viability of self-employment as a means of employment. In the 1980s the research efforts are directed towards self-employment with an aim of testing the role of the small-scale activities in development. In order to familiarise the researcher with the topical discussion on self employed in the small enterorises, the study pursues the following lines of arguments:

- (a) An evolution of the definational concept.
- (b) The role of the activities in the urban economy.
- (c) Conceptual distinction of the informal sector.

2.2 Evolution of the Concept

The small scale enterprises studied are those falling under the informal sector. These are the informally organised enterprises that are outside the official support of the public or the private sector.

The 'informal sector' terminology used to describe the small scale enterprises was first coined by Keith at a Sussex conference on Urban Development in Africa in 1971. This terminology did not get wide acceptance until 1972 when the International Labour Organisation Mission to Kenya reported their findings on Employment, Income and Equality in Kenya. The report used the terminology to describe the activities that were not registered in the employment statistics in the urban areas. The activities comprise a whole range of activities that include petty trade, hawking, shoe-shining and other groups of underemployed in streets of big towns.

The informal sector terminology though used internationally has not been accepted fully. There has been a consensus that has emerged through the researches carried out that the informal sector covers a variety of activities. As a result of this various terminologies are used by researchers but all

of them describe the activities in the context of the umbrella terminology of informal sector.

In the 1980s, a terminology, "Jua Kali' has evolved in Kenya to describe the informal sector activities. The term 'Jua Kali' means 'hot sun', and it implies that those informal activities are carried out in the open. The terminology is used to reflect the hardship people undergo in their operations. The term covers all the activities that do not fall under the realm of modern or traditional sectors.

Muench (1976) observed that the various terminologies used to describe the informal sector reflects a change of understanding about the informal activities. His view was promoted by an observation he made on how the terminologies small scale industry and small scale enterprises were used in a conference on small scale industry in 1973. He noted the terminologies were used interchangeably without any justification.

In a workshop organised on informal sector (1986), it was stated the terminology has become contraversial and elusive. Many of the participants in the workshop claimed "that they know it when they

see it". 10 For most researchers the definations adopted revolves around one or two factors such as capital, taxation, legal status, and working conditions. All these factors are used in an attempt to differentiate the informal activities from the modern sector activities. Thus, the definations used therefore reflect on a certain segment of the activities. In a World Development Program (1976) it was stated that the understanding of the informal sector can only be possible when the heterogenity of the sector is given considerations. 11 Following this argument one can say that the use of the various terminologies points to adirection where knowledge can be drawn to establish a concept that embraces all the activities.

2.3 The Small Scale Enterprises in the Urban Economy

The role of the small enterprises in the urban areas is also contraversial as the defination of what they stand for. The evolution of activities in the complex economic environment delianeated as traditional and modern, obscures the economic role of small scale enterprises. It becomes difficulty to recognise enterprises capabilities as responding to genuine economic needs.

According to the International Labour Organisation Report (1972) it is difficulty to grasp the potential of the activities. Their prospects of growth is illusioned by the crude production techniques, the inferior goods and disorganisation in space. In addition, the imposing structures of steel, glass, and concrete obscures the thriving economic activities going on in the hovels. There is therefore a lot of productive activities that in most cases escape the eyes of many and this is where the International Labour Organisation called for an imaginative mind.

From what we know the enterprises offers a whole range of services and goods to a wide spectrum of the urban residents. In a World Program study of Calcutta in India, it was observed that the activities exist where there is a congregation of people. The Report stated that they succeed in suiting the taste of the congregation, at whatever income. 13

The provision of services is made available to the congregation of people through the two groups identified as community of the poor and the intermediate sector that have potential to develop. Thus each group serves the tastes of the people with goods they can afford.

In a study on Employment and Earning in Brazil, the small scale enterprises were identified as a secondary labour market in urban areas. (Merrick 1976). The small enterprises provides employment to those escaping low status and low paying farm-work and those who have failed to secure jobs in the formal wage employment. In this view then, the enterprises of the self-employed assist the people to survive in the urban areas by providing jobs and services on affordable basis.

In other circles, the enterprises are viewed with a lot of scepticism. The sceptics disregard the potentiality of the enterprises in the informal sector. One of the arguement advanced against the informally organised enterprises by Leys is that they are primarily a 'system of very intensive exploitation of labour.' He adds that the existence of the informal sector only increases the advantages of the formal sector by ensuring that goods and services are available at reduced prices and this makes it possible for formal sector to maximise its profits. 16

The World Bank was also sceptical about the informally organised enterprises as an urban labour market. In this World Bank Report the enterprises were

viewed as a "residual employer of those who failed to win prize of formal sector employment in the rural urban migration lottery". According to the World Bank report it was hard to believe how such enterprises can be a basis of an entire development strategy. 17

On the other hand Kaplinsky (1975) had argued that the informal sector, is parastic on the formal sector in the sense that it uses the formal sector waste material. 18

The focus, on the enterprises as a mean of employment or producer of cheap service and goods is a continuing debate.

2.4 Characteristic of the Informal Sector

The International Labour Organisation's Report stated that the informal sector activities are characterised by:

- (a) easy entry
- (b) reliance on indigenous resources
- (c) family ownership of enterprises
- (d) small scale operation
- (e) labour intensive and adaptive technology
- (f) skills acquired out of formal school system
- (g) unregulated and competitive markets (I.L.O. 1972: 6).

These attributes of the informal sector have been subjected to critical examination. Contributing to this debate Gilbert and Josef observed that the characteristic are similar to those of the formal sector. The formal sector characteristics observed by the International Labour Organisation were:

- (a) difficulty entry
- (b) reliance of imported material
- (c) large scale operations
- (d) skills obtained in the formal school system
- (e) capital intensive. (ILO 1972 p. 6)

Josef and Gilbert (1981) argued that the characteristics used to describe the two sectors are unwarranted. They stated that the characteristics are based on the ordinary impression observed about the informal sector. To them the carpenters, tailors, metal workers rely on imported equipment and supplies. In addition, it is common to find operators assisted by employers who are not their relatives or family members. The question of these activities operating on large scale and being own by entrepreneurs with formal training is not ruled. We know that these days it is very common to get a chain of informal bussiness owned by one person. At the same time, it

it is not strange to find people with formal training running small enterprises.

Further, Mazumdar (1975) noted that the characteristic of the informal sector represent a pattern of continuous variation in a developing countries labour markets. According to him the characteristics of the informal sector is exposed to every body. This is not the case with formal sector whose characteristics are well protected by the trade unions and Government. For this reason it becomes difficulty for those who are not in the formal system to know its characteristics. Thus, the working conditions of the employees of the formal institutions are in this case known by those already in the system.

In the informal sector the heterogenity of the activities makes it difficulty to identify their characteristic. In fact the most visible characteristics are the negatives ones while those similar to those of the formal sector are not easily seen. It is not always easy to set a clear boundary between them. But so far, it has been agreed that participants of the informal sector falls under two groups, the community of the poor and the intermediate sector. In one category



there are people with a motive of using the informal sector as a stepping stone. These are the people Mazumdar (1975) refers to as irregulars. This community of the poor is characterised then by those people who consider their plight as temporary. These people lack motivation and engage in marginal activities such as show-shining, maize roasting, street hawking, selling charcoal and so on. Their characteristic are different from the other group referred to as the intermediate sector.

The intermediate sector is for those extrepreneurs interested in the informal sector as an end in itself. In most case, the people in this group have skills that can compare favourably with skills in the formal sector. They are the people who moblise meagre resource to investment in workshops and the activities that are more sophisticated than those operated by the community of the poor. The main activities of the intermediate sector are: metal work, leather work, building construction and other similar to activities in the formal sector.

In indentifying the characteristic of the informal sector, one would agree that it is quite difficulty since there is no particular organisation that can provide data. The dynamic enterprise which sometimes

are of the same size with the established or regulated enterprises provides difficulties when one tries to put a boundary that separates them from the enumerated sector since they have similar characteristics.

Critical examination on the informal activities characteristics reveals that the institutional biases are to blame. The bias reinforces competition between formal and informal which is used as part of the distinguishing hall marks. The institutional bias that relates to credit reduce the production capacity of the activities hence the production of low quality This lack of credit reinforce a natural disadvantage of the informal by exposing it to risks and this means a short life span. The lack of financial capability handicaps the informal sector in a way that it cannot advertise for its goods and services.. The whole conception of what is respectable and admirable is decided by the large manufacturers who have been enabled by the financial power to attract loyalty from consumers.

2.5 Summary

In summary there is clear evidence that the new attention to the informal sector developed out of the realization that there exist a substantial number of urban employees who are not reflected in the employment statistics. There is also a voiced concern of how to create jobs in the urban areas. For these two reasons there is a strong interest to analyse the presence and the role of the activities in the urban environment. The size of the activities have been impressive enough, inspite of the regulatory and discriminatory measures directed towards it.

The various researches that have been undertaken to analyse the activities strives to provide insights that would fit activities in the new interpretation they had been accorded by the international labour organisation. The international labour organisation report had stated "Given a framework within which to function, informal activities on a small scale can strongly influence the structure of Kenya's economy and aid the process of expanding income for the growing population" (ILO 1972: 266). This is the premises most of the researchers base their interpretation of the informal activities. The

researches carried out try to investigate the so called informal activities along two lines. The attempts made try to identify the major characteristics of the activities and to evaluate the potentiality of the activities as a development strategy.

From the available research, the consensus of the above facts as noted earlier have not been settled. The information provided so far has not been enough and for this reason the activities have not been provided with a concept that suits their new interpretation. It is therefore common to hear that the activities constitute a substantial proportion of the urban labourforce but it is difficulty to assess the quantative figure. The reason—given for this is that the enumeration of the activities is problematic in that the workers evades any attempts to record them. It is also difficulty to set the boundary that forms the distinctions between the approved and unapproved activities.

To sum up the debate, it is good to state that there is a consensus that the activities earn an income, but how much, it is not known. Also, the activities create jobs to a segment of population. Up to that level, the concern is how proper Government encouragement could be extended to these activities to facilitate their role in the urban economy.

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CHAPTER THREE

3.0 THE POLICY AND LEGAL ENVIRONMENT OF SMALL SCALE ENTERPRISES

3.1 The Policy Framework

Immediately after independence the Government of Kenya recognised the importance of the small scale enterprises in Kenyanizing the industrial and commercial sectors of the economy. These key sectors were dominated by the Europeans and non-Kenyan citizens who had acquired Kenyan citizenship. Earlier before in the colonial era the Africans were not supposed to participate in commercial and industrial sector. To the colonialist, the Africans "were merely another factor in the process of production and commerce."

In towns African resident had temporary residence and thus had no access to urban facilities that would stimulate productive employment. The colonial policies had earmarked the Africans in the agricultural development. The colonial era towns were therefore developed for the Europeans and other non-Kenyans. The policies and legislation enacted safeguarded the European interest and the urban policies thus enacted had no element of promoting Africans in towns.

These legislation subjected the urban Africans to poverty conditions and any attempts by the Africans to overcome the problems in towns through establishment of small enterprises was discouraged. As noted by Herbert there was time when the municipality operated canteens, beershops, dairies, and meat shops and provided free meals for public employees. Such small enterprises could have been operated by the Africans, but they could not be allowed. For this reason the African's urban enterprises were normally subjected to strict public health regulations and licencing requirements. The towns were developed to reflect the European style of live and this was protected at the all costs.

Largely, the practice was adopted to discourage the emergence of small enterprises that were viewed as economic threat to the more respectable shopkeeper who provided the City Council with a good source of income. The small enterprises were therefore subject to harassment from the authority in the pretence that they were a risk to the public health.

The same approach of the colonialist towards the small enterprises was adopted immediately after independence since the prejudices against the enterprises were deeply noted in the inherited policies.

The attitude in the early post-independence era was greatly influenced by the belief held by colonialists that:

- the entrepreneous of small enterprises were temporary urban residents or migrants who could be induced to return back to the rural areas;
- (b) that the operators were unemployed or underemployed and thus contributed little to the urban income, while they constitute a significant health, fire and political risks.
- (c) the attempt to improve their plight would frastrate the policies of rural-urban migration (ILO 1972).⁵

Thus, the plight of the small scale enterprises remained as it was in the colonial period. The methods of control adopted were punitive and they were expected to discourage people from establishing small enterprises. The negative attitude of the Government policies towards the enterprises was reflected by the hostility towards them. It was widely held that enterprises reflected underdevelopment and backwardness and in that case they were to be wiped out. This therefore resulted to demolition, heavy court fines and intense harassment

that was noted by the international labour organisation mission in 1972.

Due to the negative connotation, the small enterprises did not feature in the policy document. In the first two development plan prepared after independence that is before the international labour report (1972), the small scale enterprises were not mentioned. The emphasis was to accelerate manufacturing towards a direction where Kenyan enterpreneurs would participate in the medium and large enterprises. This led to the formation of the Kenya Industrial Estates, the re-structuring of the Industrial and Commercial Development Corporation. The aim was to promote and encourage the local upcoming entrepreneurs in commercial and industrial development. The efforts of these institutions did not achieve much in that not many Kenyans had acquired the experience to handle enterprises of the magnitude to be promoted by the institutions.

3.2 Small Scale Enterprises Policies

The initial policies to address to the problems of the small scale enterprises were found in the 1974-1978 plan period. The policies advocated for the review of the regulations that hinder development of small scale industries, and a review of the industrial

and commercial policies. The plan also envisaged the establishment of a small scale business corporation.

The corporation was to co-ordinate extension services, research and development of the small scale enterprises.

The plan had based the policies on the Sessional Paper on Employment (1973). This policy paper had acknowledged that the Government knew very little about the enterprises. In spite of this the policies were sound only they did not contain any action programmes for the small enterprises. This assistance seem to be tied with the problems of the specialized small scale enterprises. These were the enterprises that were owned by foreigners in the urban areas. It was within the context of these specialized enterprises that the plan seems to have understood the small scale enterprises investigated on in this study.

The policy of the small scale enterprises in the 1979-1983 Development Plan were more focussed in that they were designed to implement the recommendation of the International Labour Report (1972). The plan had recognised the role of small scale enterprises in terms of employment. In the plan, the small scale enterprises were to create a total of 11,000 jobs in each year of the plan period. To facilitate the

role of the small scale enterprises in providing jobs, the plan policies called for the abolition of harassment, the provision of credit, extension services and other essential services such as water supply, sewerage, and power. These issue had a more direct relation with the small enterprises and were every day experiences.

The small scale enterprises that were to benefit from the government's policies as was stated included those that met the safety and sanitary conditions. For the enterprises to meet these basic requirements the enterpreneurs were to invest more, and this disqualifies many of the small scale operators. By setting these standards the policies did not address themselves to the majority of the small enterprises, and as such it was difficult to realise the role of the small scale enterprises in providing jobs. As a result of this, the country continued to face unemployment problems, and this questioned the facilitative role of the Government in the field of small scale enterprises.

The Government pressed with the need to provide jobs to the expanding labourforce found itself in a dilemma as what was the actual enterprises that were supposed to create jobs. In Wanjigi Report (1982) on employment policy it was observed that the small

scale enterprises were omitted in the previous policies. The report found that previous policies though conceived in the context of the informally organised enterprised were used in favour of medium scale enterprises operating specialised trades. In addressing the problems of the small scale enterprises, the Wanjigi report recommended removal of constraints that inhibits growth of the small scale enterprises. This was in areas of infrastructure, financial assistance sub-contracting and training.

The 1984-1988 Development Plan policies was definitely influenced by the Wanjigi report. The main concern of the plan was on how to rationalise the small scale enterprises in development. The plan set a target growth for the small scale enterprises at 6.7 percent this was the highest sectoral growth. The policies in the plan were conceived in a more broader context than previously and this saw the shift from capital intensive to labour intensive industries. This was reflected on the broader understanding of the needs of the small scale enterprises among the policy makers.

The broad understanding of the small scale enterprises was also reflected in the Sessional Paper No. 1 of 1986, on Economic Management for

Renewed Growth. This paper detailed the policy
measured for small scale enterprises at both micro and
macro level. At the micro level the paper spelt out
Government initiatives towards the small enterprises
but more of these policies were highlights of the
previous policies. The assistance at this level was to
be channelled through expansion of credit, dissemination
of information on market opportunities and production
methods; and the expansion on training where it
anticipated a restructuring of the educational and
training intitutions. The sessional paper also
recognised the need to review the Local Government
by-laws and other regulations in the areas of licensing
and hawking by-laws.

The change of policies to suit the small scale enterprises at the macro level as spelt out in the paper sought to liberise policies. The paper in this connection envisaged the raising of the farms productivity and incomes in the agricultural sector so as to create demand for the small enterprises. There are also intentions to restructure policies on tariffs, on imports, and the investment policies. The idea behind the sessional paper was to fit the small scale enterprises in the mainstream of development.

The Sessional Paper (1986), consolidated the other recommendations of the previous policies, but it went further to spell out policies that provides a working environment for the small enterprises in the economy. These policy recommendations contained in the policy paper influenced the policies in the 1989-1994 plan.

In the 1989-1994 plan the recognition of the small enterprises reflected the significance of these enterprises in the process of economic development. According to the plan, the extension of the small enterprises in development of the Country, was regarded a serious omission. In the plan, it was recognised that the previous policies were poorly implemented and as a result of this the plan calls for improvement in their management, handling of default problems and disbursment of loans as well as extending the support of public and private sector to the expansion of the small enterprises. The policy approach taken by the plan is large scale as compared with those of the other plans. The policies tend to be directed towards the liberalization Government policies so as to accommodate the small scale enterprises.

The plan can be seen to contain a new approach to the small enterprises and mainly by reflecting a wider thinking about the enterprises.

The survey of policy indicates how the small sector has evolved in Kenya. The policies in all the plans indicates a positive approach towards the small enterprises by the Government. This shows that the Government has recognised the contribution of the small enterprises in development. The small scale in Kenya are looked upon to create jobs, distribute income and Kenyanise the economy.

The application of the policies and the actual practice shows a lot of discrepancies. The efforts to offer facilities such as credit extension services infrastructure or abolish harrassment have not reduced the problems of the enterprises. The enterprises in the study area for instance do not benefit from the policy assistance. The enterprises are geographically distributed and sectorally disaggregated and a compounded policy statement cannot address their varying needs.

The policy packages for the small enterprises tend to treat them as one autonomous unit. In actual practice the enterprises range from ones on street

pavements to those in commissioned zones. Each of the category require specific attention. A policy based on a single identification of the enterprises ends up excluding many of the enterprises. To meet the safety and sanitary conditions spelt out in the 1979-1983 plan implies that the small scale entrepreneurs will have to invest more on their own so as to receive Government assistance. It is known too well that in the Hawkers and street traders regulations in Nairobi it is only 8 out of the 35 traders involves potential hazards. ¹⁴ Thus the requirement stipulated in the plan may thus be demanding too much from the entrepreneurs which they cannot afford.

3.2 Legal Framework of Small Scale Enterprises

3.2.1 The Trade Licensing Act of 1967

The Trade Licensing Act 1967 main objective was to promote and protect the upcoming African entrepreneurs. Under the Act foreigners are not allowed to operate any business outside the general business areas and this is refers to areas zoned for business. In addition, foreigners are not also allowed to trade with any of the specified goods under the Act. These specified goods includes charcoal, salt, soap, spareparts, second hand clothes and other essential goods. For any foreigner to be exempted from

these conditions of the Act, permission has to be granted by the Ministry of Commerce and Industry.

In accordance, to the Act, the Ministry of Commerce has powers to oversee the transfer of gainful activities from the non-citizens to citizens. The Ministry therefore controls and regulates business activities in the whole country. Due, to this wide coverage, the does not deal on direct basis with the small scale business entrepreneurs. It is the large scale activities that fall more directly under the Act and they are the ones that enjoy the protection and assistance of the Act. The control of small scale commercial enterprises are governed by the local Government Act discussed in the next section.

3.2.2 Local Government Act 1963:

The Local Government Act of 1963 empowers the

Local Authorities to prohibit and control trades and
16
occupations in their area of jurisdiction. The Act also
gives power to the Local Authorities to cancel or
refuse a licence of any bussiness operated in a premises
that do not conform to the by-law in force. In
addition to these powers, the local authority have the
powers to impose a fee for licenses or permits as
endorsed by the resolutions of the local authorities.
This they effect with the consent of the Minister of
Local Government.

The engagement in any gainful activities therefore needs the authority of the local authority in an area. However, this applies to local authorities with a Municipality, Township and Urban Council status. In Nairobi, which has a Municipality status, the control of hawking, street trading, hair-dressing and other small enterprises are controlled and prohibited by the City Hall Administration. The small scale trades are thus required to obtain a licence to operate any type of enterprises within the city environments. In applying for a license , one is required to explain to the Town Clerk the nature of activity and the location or the place of operation. This is recorded on the licence and must be adhered to. The issuing of licence to operate the bussiness is only given to the applicant or the owner of the enterprise. If the owner of the enterprise wishes to employ an assistant, he is required to apply for another licence. Normally, the licence issued is held on temporary basis and one is required to renew it annually. The licence is regarded as the only security of the bussiness against harrassment from the City Authorities. But cases are reported where bussiness premises that have been licenced are pulled down by the City Administration.

The administration of the Local Government Act
by the Local Authorities is too inhibitive that it

contradicts the trade licensing Act of 1967. The procedure of obtaining a licence is a bit long considering the simplicity of the small enterprises.

The small enterprises requires minimal space requirement and standards in their establishment and there is no need of keeping them waiting for long.

The practice adopted by the authorities in guiding and controlling development of small scale enterprises does not promote or encourage their innovatives. The demolition of enterprises is carried out on ad hoc basis, without any notice to operators.

This involves destruction of property and it also kills the morale of the entrepreneurs. The indiscriminative demolition reduce the people desire to invest more in small scale enterprises. As a result of this the income generation capacity of the small enterprises is reduced and this contradicts the employment policies towards the small scale enterprises. In most cases, the regulation are administered not so much to solve the unemployment problems in the city but to maintain the aethetic of the city. The city administration strive to see that modernity of the city is not overshadowed, and this involves carrying out

ad hoc inspections, where they demolish the unlicensed enterprises.

3.2.3 Planning Standards

The planning powers of the local authorities is provided by the Local Government Act. In executing the planning responsibility, the Local Authorities use its powers to prohibit development, use of land and building. This it does in the interest of the proper and ordinary development zoned for the area. It is therefore the duty of the local authorities to determine the use of land on the manner they consider appropriate.

In planning, the legal instrument used includes building codes, building by-laws, Public Health Act and Factory Act. In majority of cases, all these legal enforcement are used to produce what is considered appropriate and safe in the urban areas. The by-laws which is the main legal instrument empower the local authority, for instance Nairobi, City Commission.

- (i) to authenticate any notice, order or any other document on planning matters;
- (ii) to give notice and orders on planning matters;
- (iii) to determine what constitute the set of a building in the city.

(iv) to categorise types of buildings, for example domestic, industrial, warehouse, and to enforce laid down requirements on the building line, siting of buildings, sanitary lanes, siting of buildings, sanitary lanes, terminal features of streets, buildings, access to building, permissible use, to approve sub-division plans submitted to the Commission."

The small scale enterprises due to the fact that they operate in temporary structures and land zoned for other uses do not measure to the standards required by the by-laws. In all respect, the enterprises by pass the by-laws since they cannot meet their requirements, they have no obligation to locate the development using their guidance.

The Public Health Act is also enforced in conjuction with the planning by laws. It is supposed to specify the nature of material to be used, space, lighting, ventilation, drainage, height of building, and fire prevention to mention a few. In conjuction with the Factory Act, the Public Health standards are enforced to ensure proper sanitary facilities, and adequate supply of drinking water.

The requirement of the planning legislation makes the establishment of small enterprises expensive for many entrepreneurs to afford. Under the prevailing legal requirements, the entrepreneurs cannot establish the approved enterprises. Most of the entrepreneurs are mainly job-seekers who have no income. In this case, the cost of setting up the standard enterprises which meets required standard is beyond the reach of many. The attempts therefore to insist that enterprises should meet the planning standard does not achieve much. It needs to be understood that the question of people engagement in small scale bussiness is not rooted in the planning legislation.

3.3 Summary

The efforts of the Government to provide policy support to small scale enterprises in Kenya was first contained in the 1974-1978 Development Plan.

From this time the policies became pronounced in every other plan, and this reflected the Government's intention to promote and encourage the small scale enterprises. All through, the policies formulated seemed sound and positive, but one cannot fail to observe discrepancies between implementation and the actual practice. In the policy papers, measure were well stipulated but salient features of the policies cannot be easily ignored.

The policy measure enacted tend to be abstract and could not specify the kind of enterprises that were to be assisted. This was the case in the first plan where the policies were not directed to any particular form of small scale enterprises. At the same time, those policies were not spelling out any action plan or how to implement the policies. This did not bring any significant development in the field of the small scale enterprises. They were beyond the capacity of the enterprises surveyed in the study. It is difficulty for proprietors of small scale enterprises to present enterprises that meet the basic planning standards. Such types of enterprises are expensive and many people cannot afford with the available capital resources.

The efforts of the Government to shift the policies in favour of small scale enterprises in both in 1984-1988 and 1989-1993 Plans are more encouraging than the previous policies. But the shift of policies in favour of small scale enterprises does not match with the capital requirements, formal education. and training of the majority of the entrepreneurs. The entrepreneurs of small enterprises have low skills, poor management, and scarce capital resources and for this a lot of groundwork must be done to develop entrepreneurial skills among the majority of Kenyans.

The policy efforts of the government are not also in conformity with the legal aspect governing the small enterprises in urban areas. The small enterprises are in a majority of cases not registered in that they do not meet public health standards, licensing requirement among other legal aspects. As a result of this the enterprises operate in an insecure and uncertain environment which greatly reduce their investment returns. The small enterprises policies of initiating and promoting goal among the enterprises is rendered useless by the legal government.

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CHAPTER FOUR

4.0 . STUDY AREA

4.1 Background of the study area

Dandora was implemented under the low cost housing policy. The main objective was to formulate and adopt realistic standards in building construction in the area of low cost housing. This was done with a major aim of using Dandora to eliminate future informal housing in Nairobi and the move was part of a wider Government housing policy of combating unauthorized development in the urban areas. The Dandora project in Nairobi was part of the government long term plan of accommodating more than 500,000 people in the eastern area of Nairobi¹.

which has resulted from people migrating to
search for jobs, housing situation in the city has
worsened. Since, the economy of Nairobi is not
industrially developed, unemployment has become
also an urban problem for the urban residents. The
people migrating to Nairobi have no money to
construct their own houses. In addition they cannot
directly be absorbed in the urban economy in that
they do not have the specialized skills required
in urban employment. This however have not discouraged

people to do the best they could to survive in the urban areas. This has been seen through the construction of shanties and engagement in various income generation activities by the people in the low income bracket in the city.

In Dandora, where the Central Government has invested in housing to accommmodate the urban working poor, the main squatter activity has been the establishment of small scale enterprises. These small scale enterprises are popular production units and in low-income households are an integral part of the economic life of the people. The small enterprises are therefore a major component in low cost housing and this is a fact that is not easy to refute and especially in the study area.

Abram (1969) had stated that homes in developing countries are often production centres for the tailors, dressmakers, or storekeepers². This is exactly what is happening in Dandora and as expected the residents are efficiently utilizing their housing units. The small scale enterprises in assisting the individual is at the same time making the whole economy of the city function.

In urban areas of Kenya, small scale enterprises are increasingly taking a leading role in provision of jobs. According to the 1989-1994 Development plan, about 40 to 60 per cent of the urban labour force is being accommodated in the small scale enterprises sector³. The proportion at which people will be accommodated in small scale enterprises in future shows signs of expanding.

In the sessional paper No. 1 of 1986, on Economic Management for Renewed Growth the cost of creating one job in the modern sector was estimated a range at K£16,000⁴. Given the other development needs of the country it is therefore impossible for the Government to invest such money to solve the problems for one individual. The expected labour force in the country by the year 2000 stands at 6.5 million people and creation of jobs to these people would mean the Government suspend all other developments. Table 4.1 shows the employment and population in Kenya by the year 2000.

4.2 Future Employment Pattern in Nairobi

The rate at which people will be excluded from the wage employment in Kenya has been indicated in Table 4.1. Given the statistics in the table, one cannot fail to observe that unemployment problem

Table 4.1 Employment creation and Population Growth 1984 - 2000 (,000 workers)

		Year 1984 2000 (Projection		rojections)
			A	В
1.	Population	19.5	38.5	34.8
	Implied Average G.R.	3.4	4.5	3.7
2.	Labour force	75,000	140,000	14,000
3.	Employment,	6,530	11,150	12,600
	G.R. % p.a.	•	_	-
	(i) Modern wage sector	1,150	2,060	2,330
	G.R. % p.a.	3.4	3.7	4.5
(ii) Non-wage Agriculture	3,860	6,490	7,030
	G.R. % p.a.	-	3.3	3.8
(iii) Rural non- farm	1,310	2,250	2,840
	G.R. % p.a.	-	3.5	5.0
	(iv) Urban informal sector	200	350	400
	G.R. % p.a.	3	3.5	4.5
4.	Residual	980	2,850	14,000
	% labour force	13.1	20.4	10.1

G.R. = Growth Rate

p.a. = Per Annum

Source: Sessional Paper No. 1 (1986)

in future indicates high potentials to worsen.

In Nairobi, the solution to unemployment as indicated by the Nairobi Study Group (1973) were to be found in the small scale enterprises sector. According to this study carried by these experts the small scale enterprises were to provide about one quarter million people with jobs by the year 2000⁵. Table 4.2 indicates the future employment situation in Nairobi.

Table 4.2: Future employment situation in Nairobi

	Optimistic	Pessimistic
Population	2,880,000	4,200,000
Labour force	1,050,000	1,920,000
Employment -	650,000	650,000
GDP, Growth rate %	8.2	7.2

Alternative Economic projections in Nairobi by the year 2000: Adopted from Nairobi Metropolitan Growth Strategy Vol. I p. 15.

The statistics presented in the table indicates
that only 62 per cent of the labour force will be
able to get gainful employment by the end of the

century. In most cases, unemployment is a problem that affects more the low-income household since they have limited chances to engage in viable productive work outside formal employment. In the subsequent sections in this Chapter, descriptive data on Dandora is presented. This is a low income neighbourhood that was designed to provide housing and the same assist the low-income solve their employment problems.

4.3 Location of Dandora

Dandora is located in the Eastland of Nairobi at a distance of about 10 kilometres from the City Centre. It covers an area of 218.2 hectares of land that borders Kariobangi Civil Servant Estate and Dandora Industrial Area to the South, to the North is the Korogocho slums.

The Dandora project is situated on a ridge bordered by Nairobi River to the North and East. At the Southern boundary of the estate there is a seasonal stream that joins the Nairobi River at the eastern edge of the estate.

The main access route to the area is through the Komorock Road. The road runs in an East-West direction along half the length of the estate. This road is an off-site road in the project and is served by three access routes from the estate.

4.4 Conception of Dandora

The Dandora project was developed along the principles of site and service strategy. This was the approach used to construct Pumwani in the 1920s and Kariobangi and Uhuru in 1960s. The site and service strategy combines public and private investments in the provision of housing. In such housing programs the public investments is directed towards the provision of infrastructural services on site whereas the private investment provided by the individual allotees is used to construct the dwelling units.

The initiation of Dandora under the principles of site and service strategy received tremendous support at national and international circles. On the national scene the Kenyan Government was advocating for the site and service schemes in the provision of low cost housing in urban areas . At the international level the emphasis was on selfhelp housing and this was drawing inspiration from the Latin American Countries . Thus housing programmes combining housing and infrastructure received quick attention from the international funding donors.

Dandora was one of such programmes in Kenya which was conceived under this new approach.

Basically, the Dandora project was to demonstrate the extent to which self-help housing can be used to provide housing to the urban population. It was to be funded by the international Bank for Reconstruction and Development as part of wider project that was to be undertaken in Kenyan towns. Dandora was the first phase of the project and it was referred to as the Urban One Project. These projects were based on the idea that the low income families can afford building their own houses if provided with the basic infrastructure. At the same time the provision of low-cost housing through the tenant purchase programs had become expensive for the Government to provide given its other commitments.

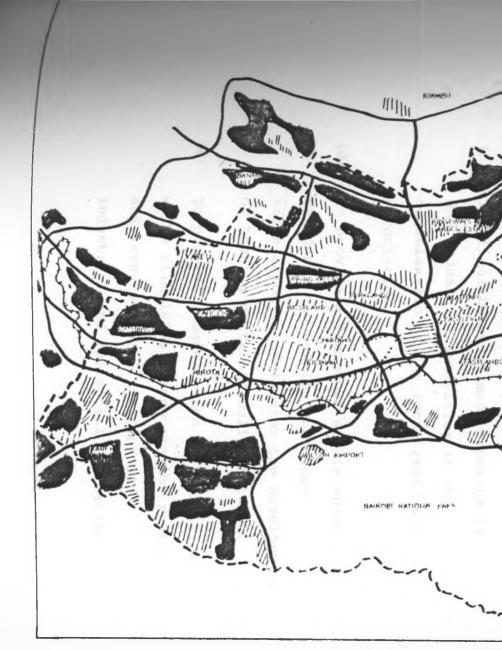
In the designed plan for Dandora, the project was expected to accommodate 60,000 people. However, with the shortage of low-income housing in Nairobi, the area has become very popular for migrants within and outside Nairobi. In 1982, Senga and Ndeti, revealed that the rate of migration to Dandora was higher than for the whole of Nairobi⁸. The migration to Dandora was at a range of 11 per cent and that of Nairobi was 8 per cent.

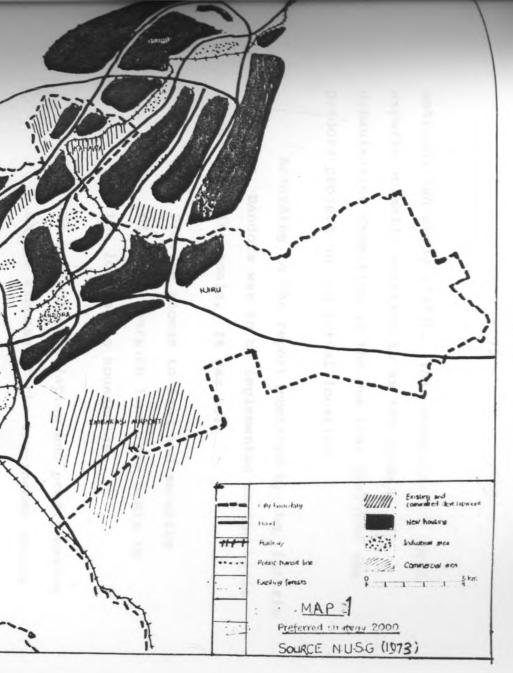
It was also revealed that the population in the area has increased as a result of high rise buildings that are coming up in the area. These type of developments were not anticipated and they are the ones increasing the density of people in the area hence the rise in the gross population in the area.

4.5 Implementation of the Dandora Project

The Dandora project was conceived in 1970s
by the Nairobi Study Group this was a group of foreign
experts commissioned to prepare a long term development
study for Nairobi. In their housing proposals they
earmarked the eastern area for medium and low
residential development. The area covers the city
council land lying south of Thika road, east of
Outering Road and north of Embakasi. Map No. 1 (page 71b)
shows the proposed developments in the city up to
the year 2000 as proposed by the Nairobi Study Group.

The actual location of Dandora was however, identified by the Interim urbanisation Project in 1972. The officials of the Interim Urbanisation Project were local experts who were commissioned by the City Council to study the recommendation of the foreign experts who had carried out the





metropolitan study (1973). This committee of local experts normally referred to as the Interim
Urbanisation Committee is the one that designed the Dandora project on its actual location.

According to the report submitted by the interim committee, Dandora was to be implemented on the basis of the following goals. It was to:

- (a) Provide access to land and security
 of land tenure on long term basis to
 the low income households
- (b) To control speculation and profit-making at the expense of the low-income sector
- (c) To stimulate employment opportunity and Industrial activities in the organisation of the local residents association.
- (d) To provide a framework within which residents can develop their own association to administer the development of housing units and utility network.
- (e) To provide communication and utilities which stimulates transportation routes, and investments in residential, industrial and commercial activities

within and near the new community 9.

The idea of the project was to encourage ownership of housing in towns among the low income households. The target group of the project were mainly those who could not afford the conventional housing offered in the market. Thus, land was to be made available by the Government along with other infrastructural facilities of water, sewerage system. The City Council of Nairobi was charged with the responsibility of providing health facilities, and social facilities. The construction of the dwelling units was to be undertaken by the allottee and they were to be assisted in their construction technically and financially. The building experts were supposed to advice the builders on building regulations pertaining to safety, design, and sanitation. offer the financial assistance was a quasi-private body which was charged with the responsibility of procuring the building materials and equipment. It is these materials and equipment that the financial institution was to lend as loans in kind to the builders to construct houses.

4.6 Administration of the Project

The actual implementation of the Dandora project took place in 1975. Its implementation was undertaken by the Dandora Community Development Agency which was established in the City Council Housing and Social Service Department. This Agency was, however, replaced in 1976 by the Housing Development Department. The department became the main operational agency and assumed the responsibility of project implementation. The department was then answerable to a Housing Committee composed of members from the Ministry of Finance and Planning, Ministry of Local Government, the National Housing Corporation and Provincial Commissioner for Nairobi, and the Town Clerk.

In its organisation, the project was structured into four main divisions; the Community Development Finance, Technical and Administration. Each of the division discharged its various responsibility. The Community Development Division is responsible for publicising the project and allocation of plots. It also works in liason with the Finance Department on the revolving fund.

The Finance Division is responsible for the projects accounts, and collect plot rates, charges and material loan instalment.

The Technical Division of the Department was charged with the responsibility of planning and construction on site. It also carries supervision on the builders on site and advice them as necessary.

The Administration Division oversees the operations of the other departments. It is headed by a director who is assisted by the deputy director and three assistant directors who are the heads of the other divisions of the department.

4.7 Land use in Dandora

The land suitable for development in the area is 185 hectares. This is 85 per cent of the total land area planned for the project. The land-use in the area is dictated by topography with the main developments located on the uppermost section of the ridge.

To the north and eastern side of the project development is constrained by steep slopes. This side of estate has also been a primary source of murram and stone and this has devasted a substantial

portion of the land. The southern section of the project borders swampy area that is a channel for a seasonal river that flows in the area.

The developable area of the project is distributed as follows:

Total	Developable	Area	185.5
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Residential	Area	89.9
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Circulation Area 44.8

Community Area 51.9

4.7.1 Residential Area

The residential area takes 48 per cent of the developable land. This land provides 60,000 units each with individual water connection, a wet core and other related services and infrastructure such as roads, lighting and refuse collection.

The housing plots vary in size from 100 metres squares to 160, and are leased to the allottees for a period of 50 years. The gross density of the project is approximatley 45 plots per hectare. This gives a gross population density of 320 person per hectare and this was based on a plot occupancy of 10 persons

per plot.

The plots were designed to accommodate three category of low-income sector. Out of the total 6,000 plots, 65 per cent had sanitary and wet core units, 30 per cent had one room, and sanitary and wet core facilities and 5 per cent were two bedroomed plots with sanitary and wet core. These 65 per cent units were subsidized by the 5 per cent, which were sold in the market. This was meant to facilitate the development of units allocated to the lowest income group and it reduced their housing cost at 20 per cent.

4.7.2 Community facilities Area

The land was set apart for the then Nairobi

City Council to provide community facilities as part

of their responsibility to the residents. The area was to be

used for developing 6 primary schools, two multi
purposes community centre each with day care institutions,

one sports complex and 2 health facilities, 400 market

stalls and a workshop cluster. In total these

facilities were to occupy 28 per cent of the total

development area.

4.7.3 Circulatory Area

The circulatory system in the area takes

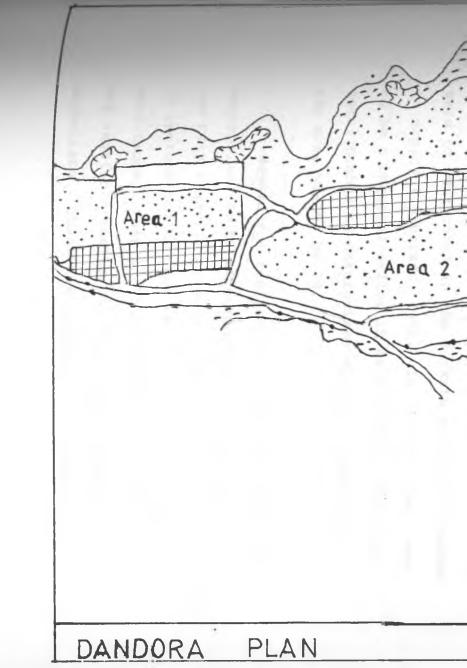
24 per cent of the developable area. The type of
infrastructural facilities provided are: roads,
water supply, surface drainage, electricity, and
sewerage. Each of these infrastructural facilities
were connected to each plot in the area. The Map

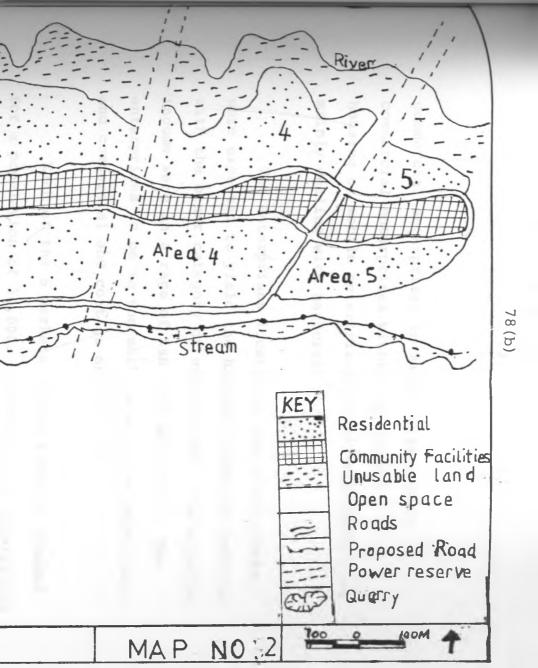
No. 2 shows the land-use pattern in Dandora.

4.8 Provision of Employment

The provision of employment to the residents of the Dandora project was a major concern of the International Bank for Reconstruction and Development. It pressed for the accommodation of small scale activities on site and for formal employment in the adjacent area. The City Council was also concerned with the employment issue. The project at that time was far from the main employment area of the Central Business District and the industrial area of the City.

The small scale enterprises were the most important source of site employment. The small scale enterprises that were planned to provide on-site employment included small manufacturing and





commercial enterprises in market areas; small commercial enterprises within the estate; housing or mobile enterprises and cottage industries mainly dealing with handcraft.

The enterprises located in the market areas were expected to yield the highest income as compared with the other category of enterprises. The expected income were in a rage of Ksh. 300 per month. The enterprises to be in the markets were the industrial and commercial and cottage enterprises.

Each of the 6 markets in the area was planned for a population of 10,000. A total of 71 enterprises were to be located in the markets and were expected to employ 1.5 person each. In addition there was to be a charcoal seller in each market. Thus the total number of enterprises within the market in the area was to be 78.

Within the residential areas the nature of enterprises to be allowed were to be determined by the City Council. However, the enterprises were allowed to operate had to meet the basic safety and sanitary conditions. They included among others meat, fish and vegetable stalls, general shops, hardware and herbalists. These enterprises, were expected to

earn Ksh. 125 per month.

The other category of enterprises were the mobile traders, those include drives, hawkers and so on. The enterprises were to yield the least income among the other small enterprises. They were expected to have a monthly income in the range of Kshs. 75.

Table 4.3 illustrates the expected employment and income of the enterprises. The data tabulated what was expected with the five year period of the project implementation.

However, it was established during the survey taht the planned employment did not take as expected.

It was reported that business in the market were not the major one and for this, the markets have become unpopular.

Small scale industry

The industries classified in this category are those that do not fit in the small scale enterprises or in the formal industry. The small scale industry are the medium sized enterprises

Table 4.3 Expected Income and Employment of Small Scale Enterprises in Dandora.

	lst year	2nd year	3rd Year	4th Year	5th Year
Employment of enterprises in markets	0	30	221	534	795
Expected income of enterprise in markets	0	468	34613	83264	124499
Employment of enterprises within the project		31	230	557	829
Expected income of enterprises within the market	0	3039	22326	53993	80349
Employment of housing enterprises .	0	15	110	267	397
Expected income of housing enterprises	0	1125	8250	20025	29775

Source: Interim urbanisation Report.

that could not fit in the small scale category
because of their management and marketing expertise.
These industries have capabilities of venturing in
large marekts and can quality for sub-contracting
unlike the small scale enterprises.

The small scale industry do not however qualify as formal industries in that their production techiques is not advanced technologically like for the formal industries. These type of small industry include those organised by tailors, carpenters and if organised they would produce to meet large orders. The small scale industries in Dandora were planned for in the workshop cluster areas in the estate.

4.8.1 Formal sector Enterprises

The formal enterprises are supposed to provide formal employment to residents inthe project. The enterprises were to be located in the adjacent Dandora industrial area and the Ruaraka industrial area.

obtained from the service sector in the institutions.

The main service sector enterprises in the institutions.

The main service sector enterprises includes schools, health centres, garages, bars and supermarkets.

4.8.2 Off-site employment:

The off-site employment was mainly to be obtained in the Central Business District and the Industrial Area in the City Centre.

At the initial years of Dandora, there was only two Kenya Bus Services. At the time of the research, Dandora was served by 5 bus routes which terminates their journeys in the area. There is also 1 bus that passes through the estate to Njiru. In addition the area has got a number of matatus (intermediate transport system in Kenya). These are the two types of public transport which enables the Dandora residents to have access to employment in the City main employment zones.

4.9 <u>Development in Dandora</u>

The developments in Dandora are coming out in a manner that was never anticipated by the executing agency. In the initial design, the project was supposed

to be for the low-income households which could not meet their housing needs. This is why the Government was involved and it was committed to assist the urban working poor to construct their own houses. As far as provision of housing is concerned, the project has been able to provide rental houses to the poor but not as has been expected. The expectations were to promote owner-occupation but as it turned out, the targeted group sold their plots to the better to do.

The implementation of the project was also delayed. The project was supposed to have been completed between the 1974-1978 plan period in a period of 5 years. In the study it was gathered what was to be implemented in a period of 5 years ended up taking 10 years to complete. This delay affected the scheduled programmes and this created problems. For instance, the implementation of the employment facilities in the area was delayed for a period of 6 years and this has resulted to the proliferation of economic activities on site. The completion of the first market in the areas was completed in 1982 while the allocation of plots for occupation was

done in 1976.

This unanticipated development has been the concern of the study. The study however was focused on the planning for these economic activities in Dandora. These small scale activities that were supposed to be promoted in the project included small commercial enterprises that meet the basic conditions of safety and health. The incorporation of the small activities in the area as observed reflects the lack of knowledge on how to handle them. The modest approach adopted by the City authorities has promoted the present nature of the small enterprises in the area. The housing department's administrative machinery that executed the implementation of the activities adopted a permissive approach from the beginning of the project.

According to the Housing Development Department officials, the inadequate development control is attributed to the no-cordination of efforts. There are various agencies involved in controlling the development of the activities in the area. The department admits that there are too many agencies involved and these includes among others the local administration the Housing Development Department, the Physical Planning authority in the City Hall and the Licensing Department. These officials also admits the failure

to control these activities on site defeats the purpose of the activities, as an economic asset and a viable way of generating income. But, all this they have attributed to the conflicting responsibilities of handling the small enterprises.

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CHAPTER FIVE

5.0 DATA ANALYSIS AND INTERPRETATION

5.1 Introduction

In Dandora, small scale industrial and commercial enterprises have developed within the residential area. The pattern of development that has resulted have raised alot of questions among the City Authorities and the residents in the area. The non-operators of these enterprises argues that the development of the enterprises in the area — creates insecurity.

Dandora in Nairobi is known for its insecurity which has given the area a bad name. But how far it has been a result of this, was not established during the research investigation.

All along, controlling and guiding of small scale enterprises has been a big administrative problem in the City Hall. It is an issue that fail to get a solution as the country is faced with an acute unemployment problem. The City has been faced with a situation where large numbers of people have missed to get gainful employment in the urban economy. Faced with this fact the City Administration has designed a number of policies to assist it tackle unemployment. These City employment policies have been advocating

for the construction of markets, open air markets where people are allocated stalls or space to carry out bussiness. The City Authorities have also been setting aside sites for light industrial locations which are allocated to interested entrepreneurs.

In the study area, employment sites have been planned for in what was regarded as the bussiness zones and workshop clusters. Other sites for employment were set aside within the residential area. The utilization of these sites in the project has however been overused and this has led to the encroachment of the activities in the residential areas. The analysis that will be presented below, intends to present information on those small enterprises that have been located in the project without the official authority.

5.2 A Survey of the Enterprises:

From the survey undertaken, a total number of 2204 enterprises were enumerated within the residential area. It was observed that the enterprises included those that were initially allowed on site and others planned for in the market and workshop areas. The enterprises that were to be located within the

residential areas as noted earlier included: meat stalls, vegetable stalls, hardware shops, herbalists and retail shops. These enterprises were to be largely commercial but it was observed that even industrial activities such as metal works have been located within the estate. The total number of enterprises surveyed in the area are presented in Table 5.1.

Table 5.1: Total Number of Enterprises Enumerated in the Survey:

Type of Enterprises	Area	Area	Area III	Area IV	Area V	Total	(Percent)
Trade	306	488	253	296	277	1620	73.5
Service	77	107	54	56	35	329	14.9
Manufacturing	44	93	40	56	22	255	11.7
Total Percentage	427	688	348	423	327	2204	100

Source: Field Survey.

The highest concentration of the small scale enterprises as indicated in the Table above was found

in Area II. The area had a total of 688 enterprises which constituted 31.2 percent of all small enterprises in the study area. The proximity of the markets to the area is not as close as in other areas. The area covered by the Area II is extensively large that the designated market underserves it. The other market that was to serve that area was opened one year ago in 1988. This one opened when the activities had become established in the area.

The lowest concentration of the enterprises
was found in Area V. The residents in the area seems
to have a more stable income. Data on income and their
occupation of the residents was not obtained, but it
was found that Area V has got better to-do landors.

It was revealed by the KANU area office that not
many residents in the area apply for permission to
locate their bussiness.

5.2.1 <u>Trade</u>:

From the data presented in 5.1 it was observed that trade accounted for 73.5 percent of all activities in the area. The dominant trading activities was sale of vegetables which accounts for 36.7 percent of all trading activities surveyed in the area. The distribution of the trading activities are indicated in Table 5.2,

Table 5.2: Total Trading Activities

Trades	I	II	III	IV	V	TOTAL	ક
Agricultural							
products	94	171	73	102	129	569	36.7
products	24	1/1	/3	102	12.7	309	30.7
Butcheries	16	26	11	15	10	78	5.1
Fating Places	32	41	34	29	12	148	9.5
Common lands	0.3	141	65	71	59	419	27.1
General shops	83	141	65	71	29	419	27.1
Charcoal							
Vendors	19	15	11	24	23	91	5.8
Danassin	28	41	11	24	9	113	7.3
Paraffin	20	41	11	24	9	112	7.3
Second-hand							
clothes	15	19	22	16	16	88	5.6
Hardware shops	1	7	8	2	8	26	1.7
			4	_	3	11	0.7
Maize Roasting	2	-	4		3	J. J.	0.7
Building			5			0	0.5
materials	14	ACA		288	3 268	1551	0.5
	292	464	239	200	200	TOOT	1500

Source: Field Survey.

Eating Places

The category of enterprises enumerated under this group of activities includes the following: tea kiosks, food kiosks and meat roast kiosks. These types of trades were all enumerated as eating places. The locations of these enterprises seemed to concide with the population concentration and number of these enterprises increased with the increase of other economic activities. In places where there was a high concentration of market activities these types of enterprises tended to locate more on that site.

The eating places were found essential by the other entrepreneurs in that they saved them the time of preparing their lunches. Most of the enterprises were managed by one person and it would mean that they close the bussiness to go for lunch. In most cases, they bought their food which they took in their enterprises as they continue serving customers.

The eating places were operated in temporary structures which in most cases were constructed using iron sheets both for the walls and the roofs as well. To attract customers to their enterprises they painted the walls of the kiosks to give them a magnificent outlook. They also provided wooden benches to ensure the comfort of customers.

Due to the nature of work involved in preparing food and tea, the owners of the eating enterprises employed assistant. The employees of these food kiosks were employed on casual basis and were paid on daily basis.

The investment requirement of operating the eating places was high and used ranges from Kshs. 7,000. The cost was rather high in that, these enterprises must be operated in a premises. To reduce the cost of constructions, the owners supplement the costs in terms of providing labour. Thus, one just need the construction material that includes timber, iron sheets, and nails. The other costs incured during the initial stage, involved the provision of the ingredient used for preparing tea or food. These items includes sugar, milk, meat, and utensils and other items used in food or tea preparation.

Sale of Vegetables:

The initial capital requirements involved in selling vegetable was found to be low. The minimum capital requirement was at least Kshs. 100 and this seemed reasonable to many entrepreneurs. The nearness to Korogocho open air market facilitates the engagement in this trade. It was observed that this type of trade do not require any training or equipment, and as such it is open to all since entry is not difficulty.

The vegetable sellers tended to locate their enterprises in strategic places and especially along

busy streets. It was found to be a competitive trade in the area and entrepreneurs were complaining that the number of the enterprises were many. The most busy time of this kind of bussiness was in the evening from 6 p.m. This is the time people arriving from their places of work. The distance from town to Dandora is quite far and this implies that people may arrive home abit late. The enterprises are therefore kept open up to around 9 a.m. the latest.

The small scale vegetable enterprises are simply constructed with only a place for displaying the products. There was also a tendency among other entrepreneurs to spread the products on the pavements. The simple structure of these enterprises indicate the low investments returns. These enterprises were individually organised and did not require the services of an extra person.

General Shops

These retail shops were operated on plots or in temporary structures. About 40 percent of these retail shops were operated in the residential premises. These small home shops were operated as part of the family productive work.

The initial capital requirement for running these shops ranges from Kshs. 5,000 - 10,000 and not many people would afford to operate them. In the study area a total of 419 general shops were surveyed. In terms of location they did not require strategic positions and they were found scattered all over the estate.

Butcheries

The meat stall in the area were located on plots. High hygience conditions are demand on these type of enterprises and for this not many people were involved. In the area, a total of 78 butcheries was surveyed and it was observed that they did not face stiff competition from each other.

The operators of the meat stalls were men of long experience in the meat bussiness. It was observed that the sale of meat was a lucrative business where one can earn about Kshs. 5,000 a month. There was also a general tendency to combine the bussiness with meat roasting.

Other Trades

These are the types of trades that were operated at very low scales. They included activities such as

maize roasting, charcoal yending, paraffin selling, and sale of building materials. The capital requirement of these enterprise was low but they did not seem to attract people. Except for charcoal and paraffin which are used daily by families around, the others had a small market.

5.2.2 Manufacturing Enterprises

The survey enumerated a total of 255 manufacturing enterprises. In this category of enterprises, a total of four activities were identified. The distribution and type of these manufacturing enterprises is as indicated in Table 5.3. The characteristic of these enterprises is discussed below:

Table 5.3: Manufacturing Activities in the Study Area per area

1 -							
^	I	II	III	IV	V	Total	ક
Furniture Workshops	23	23	10	21	7	89	35
Tailoring	16	37	21	30	10	114	44.9
Metal work	5	23	8	4	4	43	17
Shoe-making	-	5	1	1	1	8	3.1
Total	44	93	40	56	22	255	100

Source: Field Survey

Tailoring:

From the survey a total of 114 tailors were enumerated in the study area. As noted in Table 5.3 tailoring constituted the highest number of operators, engaged in manufacturing. Thus, it accounted for 44.9 percent of the total number of the manufacturing activities.

The initial investment requirement in the tailoring sub-sector was beyond the reach of many people especially those who had not worked. The average initial capital required to establish a tailoring enterprise was around Kshs. 6,000.

The tailors operated their enterprises in unenclosed structures, which were so made to enable them display their work. The top was the only part of the structure that was covered with polythelene.

This entails them to remove their machines and displays everyday when closing bussiness. The tailors depend on their customers to bring the materials though in certain cases they would have their own to sell to their customers.

To supplement their incomes, the tailors were in most cases engaged in sale of second-hand clothes.

Those dealing with second-hand bought them from Gikomba where this type of bussiness is lucrative.

The operation of the tailoring enterprises is an all season activity. However, as stated by the entrepreneurs it has peak sales in the month of December.

Furniture Workshops:

The furniture workshops which forms the second largest category of manufacturing engage in the production of beds, chairs, cupboards, wardrobes. These enterprises are mainly located in open air workshops.

The informal way of operating in open air premises directly affects the efficiency of the production of these enterprises. They lack spaces where they would store their materials and finished products. Due to this fact they find it difficulty to engage in large scale operations. Their scale of operation was also affected by lack of security and credit.

The average initial investment required to operate these workshops range from Kshs. 8,000. These workshops were mostly operating on manual basis. The operation of these enterprises was on retail basis, whereby customers visited the workshops to make their orders. They mainly engaged in the production of low income household items which gets markets in Dandora and the neighbouring low-income households.

In terms of employment, the carpentry workshops employ more people than the other manufacturing enterprises. The payment of employees is either done monthly or according to the items one has been able to produce. When there is a lot of work to be done, the entrepreneurs of the furniture workshops engage casuals who are paid daily. This shows that the carpentry skills have flooded the market. These individual cannot engage in their own enterprises due to the high prices of inputs.

The entrepreneurs in this sub-sector of manufacturing reported that they did not have any contact with parastatal, government or other established institutios. However, they reported cases where people come to buy their products to go and sell elsewhere. These are the only big orders

they receive. These middle men exploits their skills but there is nothing they can do since they do not have the knowledge of securing tenders.

Metal-Work Workshops

The metal industry in the study area is not so developed. The enterprises mainly deal with production of furniture metal beds and window frames and metal doors. The sales of these enterprises is mainly sold to residents in the area. These products also gets a ready market in the area due to the fact that construction industry in the area is still active as plot owners are extending their dwelling units.

The metalwork workshops are mainly operated in open air premises. Thus a typical metal workshop comprises a box of tools and welding machines.

The scrap metal used as raw material and the tools are stored in the inner space inside the plots. This congests the inner yard of the dwelling units and also pose a lot of dangers. The operation of metal work enterprises needed electricity to operate and in the study area they obtained it from the residential premises. The system of tapping electricity from

the residential premises obstructed pedestrian movement. The cables crossed the pavement to reach the site of the premises and this cause a lot of inconvenience to people.

Shoe-making:

This was the only type of leather work in the study area. The shoe-making enterprises were typically small scale in nature. The operators of these shoe-making enterprises largely concentrate on shoe-repair. They also repaired leather bags and other leather products brought by customers.

The shoe-making enterprises are located in makeshift structure. Their space requirement is minimal in that all they require is simple working tools, and the leather, which in most cases is needed in small quantities.

The initial capital required to start off shoe-making bussiness is Kshs. 1,000. This is required to buy the basic tools but for those who has obtained sewing machines the starting capital was around Kshs. 8,000. Out of the 8 show-making enterprises in

the study area, 3 had adopted sewing machines where others operated manually.

5.2.3 Service Enterprises

There are different types of service enterprises in the area. These enterprises also constituted activities that provided professional services such education, medical care, but these were omitted in the detailed analysis.

The service enterprises were mostly small enterprises except for the laundry and motor vehicle enterprises Table 5.4 shows the distribution of the service enterprises in the area.

Table 5.4: Distribution of Service Enterprises in the Study Area.

Type of service	Area	Area	Area	Area	Area	Total	96
Radio and T.V repairs	3	9	6	3	3	24	4.1
Watch Repair	1	3	1	2	1	8	12.2
Laudry Services	6	15	6	15	9	51	2.6
Baber and Hairdressers	19	35	10	16	6	86	43.9
Cloth Repairs	5	2	-	2	2	11	5.6
Motor Vehicle repair	5	4	3	1	3	16	8.2
Total	39	68	26	39	24	196	100

Source: Field Survey.

The services with the highest percentage total such as those offered by the barber, hairdressers, dry cleaners are those that people require on regular basis. These are mainly required by those in wage employment.

The entrepreneurs in the service industry showed a lot of ingenuity in their work. According, to the entrepreneurs the initial investment required to

operate a viable enterprises range from Kshs. 3,000.

However this varies from one type enterprises to another.

Motor Vehicle Repair:

Motor vehicle repair workshops are operated in open air premises. The tools and the spare parts are in most cases kept in a box or in certain enterprises they were kept in old vehicles. The motor repair workshops in the study area concentrates only on repair works. In terms of equipments they just need the gas wielder.

The owners of the vehicles are the ones who provides spare parts. They are supposed to buy and bring to the mechanics. Due to the limited number of garages in the area, there is no shop that deals with second-hand spare parts. The spare parts available in the area are mainly obtained from the Kariobangi Light Industrial zone which is a walking distance from Dandora Area I.

The motor repair garages in the area engage apprentices from within the area or outside Dandora. Those outside Dandora mainly comes from the Kariobangi North, Korogocho or Huruma and other such low income neighbourhood in close proximity.

The initial investment capital required to operate a motor vehicle repair garage was at a range of Kshs. 10,000. This is the situation where one requires to acquire the basic tools and equipments that includes a gas wielder, a spanner box and other essential tools.

Laundry Services

The dry cleaning enterprises are located on plots. These services are utilized by the wage earners residing in the area. In establishing these enterprises an initial capital requirement of about Kshs. 3,000 is required. In most cases these enterprises they were also owned by wage earners who employed assistants to run them on their behalf to theese category of enterprises the laundry enterprises were used to supplement their low incomes.

Other Repair Services

These types of repair services includes the following; watch, radios, and cloth repairs. These repair services in the study area are operated on very small scale. The watch, television and radio repairs complained that they are not adequately occupied. The demand for their services are not high as customers

somehow doubts their skills. These enterprises, locate along the main communication routes so as to advertise themselves to customers.

5.3 Distribution and Location of the Enterprises

In Dandora as noted in Section 5.1 the highest concentration of activities was found in trade. It was the type of activity that dominated in all the five area. The trade enterprises in each phase accounted for over 70 percents. The percent distribution of these activities in the area were as follows: Area I 71.7%, Area II 70.9%, Area III 72.7%, Area IV 70% and Area V 84.7%. (see Table 5.1)

The proportion of the trade enterprises is high in area V because there is an an open air market at the terminus of the bus route and the matatus. The market is normally operated at the sides of the roads.

The proximity of these production centres near the dwelling units provides a desirable situation for participants to combine both household chores and economics roles. This is essential among low-income households who need every opportunity to supplement

within the estate is not an offensive use and especially the vegetable stalls. The same applies to the service and manufacturing enterprise which can be operated as small production units at home. The space required for the operation of small scale enterprise occupancy ratio of 10 household is not enough space to operate a production enterprise at home. This is what has caused congestion in the area as people seek space outside their compounds.

The distribution of the enterprises as observed was determined by the local demand generated by the residents. As discussed in Section 5.1, the enterprises engages in selling, repairing and assembling what is needed by the residents. The markets for goods and services produced by the enterprises was largely in Dandora and to the residents the enterprises are important shopping outlets.

5.4 Size of the Enterprises

The small scale enterprises in the study are small scale operations which are in most cases are ran by owners. Among the enterprises surveyed for detailed analysis it was found that 82 percent were

operated by owners. The owners of these enterprises revealed that they did not have any bussiness association with their bussiness colleagues trading with similar goods or operating small enterprises in Dandora.

It was observed that the sizes of the enterprises were determined by nature of bussiness, the number of similar enterprises in the area, the input invested in the enterprises and to an extent the demand of the goods in the area. The big enterprises that is in comparison with the enterprises in the study area are the manufacturing enterprises. These enterprises had a correlation between output and employment. Other relative big enterprises includes meat stalls, eating places and motor vehicle which due to the nature of work involved requires more people.

The small size of certain enterprises was observed to be as a result of lack of skills, experience, and capital. The entrepreneurs as was observed had low skills to run enterprises. The engagement in trade as noted earlier was promoted by lack of skills. The enterprises as was observed had no prior knowledge of managing a bussiness. A total of 64 per cent of the entrepreneurs revealed that their enterprises was the first attempt in

bussiness as an owner or an employee. In most cases it was observed that owners had no records for the bussiness. In enterprises where customers would make an order to get an item, the records were made in a note books. The same applied to enterprises that sold on credit. It was found that this did not form any basis for proper accounting of the bussiness.

5.5 Structure of Premises:

About 13.5 per cent of the small scale enterprises in the study area operated in permanent structures. These were dwelling units that had been converted into bussiness units. The location of the enterprises in permanent structure did not facilitate their licensing as no change of use was applied for.

The majority of the enterprises as observed operated in makeshift structures. They were constructed using either polythelene, curtons, timber or iron sheets. About 72.0 percent of the enterprises were constructed using the stated materials. The remaining 14.5 per cent were open air premises. The structures of the enterprises do not conform to the City Commission Kiosks designs as stipulated by the by-laws. The standards of the enterprises falls short of the stipulated

requirements and cannot be licenced. The ones operating on plots did not have the right of occupancy and in this case they could not also be licenced.

5.6 Socio Economic Attributes of Entrepreneurs

The proprietors of small scale enterprises
within the residential areas in Dandora ranges from
17-50 years. About 21 percent of the entrepreneurs
were below 20 years but they fell under the
productive age bracket. In Kenya the productive
labourforce falls between 18-55 years. This shows that
enterprises are operated by productive people. This
revelation contradicts the view that the enterprises
are owned by the less productive members of the society.

The engagement in small scale operations by the active population points to the scarcity of jobs in the formal wage sector. It also demonstrates that gainful employment is not always available in formal employment. It was gathered in the study that these enterprises are used to educate, feed and house families. This way the enterprises are source of employment though the people did not realise this.

It was observed that these small enterprises are managed by literate people. About 54 out of 90 questionnaires examined for detailed data, the entrepreneurs had indicated that they had primary education and above. This was 60 percent of the entrepreneurs interviewed. Table 5.5 indicates the education levels of the respondents.

Table 5.5: Entrepreneurs education levels

Years spent in School	Number of respondents	Percentage (%)
No response	12	13.3
No education	8	8.9
Primary School dropouts (1 - 6 years)	16	17.8
Primary education (7 years)	29	32.2
Secondary education	25	27.8

Source: Field Survey.

It was also observed that only 10 per cent had received post primary or post secondary training. The women entrepreneurs had taken typing,

secretarial or dressmaking whereas the men entrepreneurs had learnt carpentry, metal works and tailoring. It was found that those entrepreneurs in trade requring stills had trained on job.

The involvement in small scale operations among the entrepreneurs had been promoted by lack of employment in the formal sector 27.8 per cent of the entrepreneurs had secondary education and this shows that education received is not appropriate in producing effective entrepreneurs.

Migration Status:

Most of the entrepreneurs are migrants in Nairobi but they had a long standing in the city. A bout 73 percent of the entrepreneurs had stayed in Nairobi for more than 10 years. Their long stay in the City had not provided them with experience of managing a business. These enterprises of those entrepreneurs who had been in Nairobi for long as one would expect were not performing well. Despite their experience in bussiness they were still not performing well due to lack of commercial skills.

5.7 Initial Sources of Capital

In terms of finances the entrepreneurs were found to be self-reliant. About 79.9 per cent of the enterprises had used their own savings to establish their bussiness. They also used their own resources to fund the day-to-day operations of the enterprises.

However, the scarcity of capital was clearly indicated by the propertylessness of the entrepreneurs. A total of 89.3 per cent stated that they did not own any kind of property beside the enterprises. They therefore did not have any other source of income. Only 4 percent indicated they had employment in the formal sector and another 2.1 percent stated they owned farms in their rural areas.

Thus, many of the entrepreneurs had no alternative sources of income. They relied on the profit obtained from bussiness, since they could not provide securities to secure loans. The future improvement on the enterprises depended on the performance of the bussiness.

Despite the fact that entrepreneurs mentioned credit as the main obstructing factor, they did not express it as a priority to be provided by the

authority. The need of a lincence to stabilise the enterprises was given number one consideration. Over 80 per cent stated that given a licence to operate bussiness in Dandora they would earn a little more than was the case. They complained that operating a bussiness without a licence was more expensive and they were willing to rent the present site from the City Commission at any charge stated.

5.8 Other Characteristics

It was observed that the enterpreneurs were
least obliged to invest in their enterprises. About
65 percent of the respondents stated that if they
would get a substantial amount of money they would
invest in buying land. It was only 20 percent of the entrepreneurs who stated they would expand their enterprises.
Others stated that they would use the money to educate
their children. To many enterpreneurs in this case,
scale enterprises is not an adequate security or
employment.

In the area, the study observed a slow growth of employment. For instance, it was found that there was numerous fragmented small scale enterprises which operated at very marginal levels. These

enterprises opened everyday for bussiness and this indicated that the operators had limited avenues for generating income and employment. In spite of this these entrepreneurs are reluctant to locate the enterprises outside Dandora such a person it was observed did not recognise the employment potential of scale scale enterprises. The reason they gave for not moving the enterprise out of Dandora was lack of customers and competition in other areas.

From the field investigation it was also noted that the market places and workshop clusters areas are not popular with the entrepreneurs. The main complains about these facilities is the high rent charged which range from Kshs. 300 to 500 depending on the type of stalls. These stalls measured 50-100 ft², 100-500ft² and 150-200 ft². The small type of stalls were supposed to be used by commercial enterprises such as shops. The medium size stalls were supposed to be for barbers, dry cleaners or shoe repairs. The third category were suitable for carpenters, bicycle repairs, tea kiosks or leatherworks.

The engagement in small scale operations by entrepreneurs was observed to be sporadic. The participants retain the assumption that one day,

they will end up in the formal wage employment. From the information obtained from questionnaires it was noted that 35.3 per cent expressed a desire to locate a licensed bussiness outside Dandora. Yet as observed, (Section 5.6) 80 per cent had expressed a desire that they would like to licence their bussiness in Dandora.

5.8 Summary of Findings

The descriptive data presented aims at specifying the characteristics of small scale enterprises. These characteristics are identified so as to assist the research design an appropriate course of action in guiding the small scale enterprises in residential area. The major highlights of the small enterprises are presented below:

Organisation

It was observed that the majority of the enterprises were individually organised. The proprietors
of these enterprises did not belong to any formal or
informal association. In this case, proprietors
negotiated salaries with their employees on an individual
scale. There was also no consultation in establishing
the prices for the products thus when someone

is having bad luck in bussiness one can sell at low price since he needs the money. There is also no consultation on where one would like to locate bussiness. Due to this entry to these bussiness is not actually difficulty when one has capital. Due to these factors, the enterprises operate at every low productivity level.

The ad hoc location of the enterprises had made it difficulty for the administration of the laid down conditions of any type of activity in the areas. Given the limited personel, it becomes extremely difficulty to inspect on all the individually operated enterprises. It would be easier to deal with an organisation where such conditions as those laid down by the regulations or public health conditions would be communicated to members. There is no forum to educate the entrepreneurs on stipulated conditions and entrepreneurs operates in ignorance.

The lack of any form of organisation and at most marketing organisation or bussiness association was found in the study to be inhibitive. Due to lack of organisation the enterprises performance is deemed to remain low.

Functional Support

It was observed that these enterprises are viable in the area in that they were able to engage 2204 people. These people were it not for the enterprises could have been jobless. In addition the enterpreneurs engaged in selling, repairing and production of what is needed by the residents. The enterprises acted in this way as retail outlets to the residents.

However, it was found out that the enterprises received no support from the City Authority. The proliferation of the enterprises without the authority reflects on the inappropriate employment policies of the City Commission. The licencing policies and the by-laws deteriorates the working environment of these enterprises.

Marketing

The presence of the enterprises in the study area was mainly to tap the needs of the local residents.

These enterprises operated to serve the low market provided by the residents. To the residents the enterprises provide them with what they would obtain from the town centre at cheap and reasonable prices

to them. They reduce the expenses they would incur in transporting the goods from markets in the town centre or elsewhere.

The operators, however face market problems in that they do not have space to display their merchandise. In marketing their products, they also faced problems in that they operate in an unorganised market. Their marketing skills are normally very low to operate a viable enterprises. It becomes difficulty for them to advance in bussiness in that they can never be able to identify markets for their products.

Instances were cited 5.1 by the entrepreneurs in the manufacturing sector who were operating furniture workshop of how established entrepreneurs buy their products or order for their products for a contract they have been awarded. This shows that these entrepreneurs can afford to produce quality goods, but, due to their poor marketing knowledge, they cannot sell them at markets outside Dandora.



Education and Skills

The education and skill received by the entrepreneurs had not assisted them in operating efficient
enterprises. It was found out during the investigation
that about 60 percent of the entrepreneurs are
literate. They had primary education and above and
the remaining 17.8 per cent at least had gone to
school. This shows that the education received by
entrepreneurs did not provide them with commercial
knowledge.

The same applied to those who had received skills in formal training institutions. They were just taught the skill and not on how to utilise it in bussiness.

But, most of the skilled personnel in these enterprises had received on job training as apprentices in others bussiness. This was common in metal works, motor vehicle repair, tailoring, and wood work. It shows that the enterprises are training grounds for entrepreneurs.

6.0 CONCLUSION AND RECOMMENDATIONS

6.1 Summary

The focus of the study is on the small scale enterprises in the residential areas. The enterprises are are a segment of the numerous enterprises that accommodates the jobless in the urban areas. The main concern of the study was on how the small scale enterprises can be promoted in the residential areas without disturbing the planned structure. In order to realise this the study embarks on an investigation to determine the constraints that hinder the growth of small scale enterprises.

The proponents of these small scale enterprises have argued that the enterprises are important creators of jobs. They identify the enterprises as providers of goods and services to the low income households and other residents in urban areas. These two functions of the small scale enterprises which they combine too well has been a motivating force in the study.

In Kenya, the small scale enterprises have impressed the economists and the policy-makers, due to their cheap utilization of labour and capital. Thus, in the face of chronic unemployment and poverty, the

small scale enterprises have been identified as a viable solutions to this social evil. The small scale enterprises have been accorded in this respect a significant role to play in providing jobs to the Kenyan population.

In the study theoretical issues that relates to the existence of the small scale enterprises were examined. It was found that their existence in the urban areas is inevitable. This was attributed to the fact that urban areas continue to attract migrants in spite of the poverty therein. It was also revealed that the exact structural characteristic of the enterprises are difficulty to pin down.

Attempts were also made to understand the small scale enterprises in the Kenyan context. The main aim was to investigate the economic and non-economic policies that are supposed to promote and guide the growth of small scale enterprises. In the study on policies it was observed that while the economic policies are designed to promote small scale enterprises non-economic policies tended to be prohibitive and restrictive. It was revealed that the contradictions arising between the implementation of policies and the actual practive occurs as a result of this. Thus, the strong

intentions of the policies to promote the enterprises are hampered. It has therefore become difficulty to fit the enterprises in the development pattern.

In the area of study it was indicated that the small scale enterprises were regarded as a main source of employment to the residents. In the physical development plan of the area the small scale enterprises were planned for in the bussiness zones. The designated zones were the markets, the workshop cluster areas, and a few sites within, the estate. However, it was observed that the siting of the small enterprises in the area did not uphold to the planning guidelines provided. The enterprises have developed spotaneously as the authorities have taken a permissive approach towards them. It was revealed that there is a lot of uncordinated efforts by the agencies involved.

The research findings on the small scale enterprises in the study area revealed that the enterprises are economic assets in the area. This was found to be the case as far as employment was concerned. They had managed to employ a total of 2204 job seekers, in a least some gainful work. The enterprises, were also identified as important shopping outlets for the residents. The enterprises are engaged in selling, production and assembling goods for the residents.

However, it was revealed that the importance of the enterprises is not well received. The enterprises are discriminated by the licensing policies and the by-laws. According to the requirement of licensing laws and by-laws, the enterprises are offensive trades.

From the observation on the socio-economic attributes of the entrepreneurs it was realised that the distribution of the enterprises has resulted from a direct need to earn a living. The large numbers of people trying to operate small scale enterprises reflects the scarcity of jobs in the wage sector. These are the people who are suppossed to be engaged in productive works, and actually forms the active population in the society. It was found that these people were handicapped in their operations in that they had limited skills and commercial knowledge to run efficient enterprises.

In terms of capital, the small scale enterprises were self-reliant in that they used their own savings to establish and operate their enterprises on day-to-day basis. The available data on capital revealed the capital resources was inadequate, and as much as the entrepreneurs would like they could not afford to expand their enterprises. A total of 89.3 percent had

stated that they did not own property. The propertyleness of the entreprenurs excludes them from obtaining funds from the financial institutions such as bank, the Industrial and Commercial Development Corporation. Due to the. entrepreneurs low skills in operating small scale enterprises they were not in a position to mobilise capital on large scale. It was observed that the operation of the enterprises Was inhibited by lack of appropriate skills in areas of organisation, marketing, training and skills. As a result of this, most of the enterprises are operated on subsistence scale. According to the views held in this study, this does not imply that the enterprises cannot be supported to become efficient operations. In considering any action towards making the small scale enterprises efficient, the study felt that the following problems need to be addressed:

- (i) Locational problems
- (ii) Management problems
- (iii) Training
 - (iv) Credit

6.2 Problem Identified:

6.2.1 Locational Problems

The demand for premises is extremely high in the study area. From the interviews carried out, it was found that over 80 percent of the operators were

willing to rent the premises from the City Commission. The provision of premises for the small scale enterprises in the area as had been indicated in the study area, is definitely inadequate. In the market areas in Dandora, there are only seventy-one stalls. The enumerated enterprises in the area was 2204. This shows that the markets have been overused and this accerelates the the encroachment of small enterprises in the residential area among others. The market stalls provided by the City Commission is thus inadequate to meet the present demand. This will prove worse in future as the unemployment problem in the city The market stalls are not in this case a solution to provision of premises as more people are likely to enter into small scale trades. The stalls as observed were not popular with the small traders as long as the small enterprise are allowed to operate in the current uncontrolled manner. To cope with the locational problem in the area, it entails massive construction markets capable of accommodating all the traders. This is a positive step but it is not chievable in the near future as new members continue to seek employment in the small scale sector.

6.2.2 Management Problems

In the study area it was revealed that enterprises operates on individual basis, and this contributes to their smallness. This was found to be a inappropriate

method of operation, given that, the operators hand no other means of livelihood. It was reported in the study that 89.3 of percent had no other source of income. The lack of proper administration of the small enterprises leds to a chain of problems that affects the operations of the small enterprises. Firstly, the operation of enterprises on individual basis creates an unhealthy bussiness atmosphere.

The small scale business in the area thus face stiff competition among themselves which makes them inefficient.

Secondly, lack of association among the operators limits — knowledge in areas of marketing and bussiness organisation. The operators are not exposed to situations where they can identify markets or ways to publicize their operation. Here a lot of difficulties arise and this has a close bearing to the isolation of enterprises from institutionalized system. There is no forum which small scale enterprises can use to forward their interests. The interests and needs are often suggested by external parties such as non-governmental organisations, the government and international agencies. The assistance provided through this approach is normally conceived in the context of large scale enterprises. The standardized measures that normally characterises assistance of the established

enterprises often bugs down the small enterprises in legal and administrative difficulties.

The small scale enterprises have no claim to make on the institutionalized system, that is from the public and private institutions. They are pushed out of the system through the discriminatory policies as discussed in the study earlier on. The small enterprises are thus left to use family labour, savings and to produce and services on their own. To many people this appears to be a wide choice of freedom in the operations of small scale enterprises. As was observed in the study, this wide freedom have created a lot of chaos in the operations of the small enterprises.

6.2.3 Training

Many of the operators in the study area are disadvantaged in their operations in terms of equipments, technical how and commercial skills.

Over 70 percent of the operators of small scale enterprises in the area were absorped in trade. The trading activities did not require any skill or equipment to set up.

In the attempt to extend assistance to the small scale enterprises, it was observed in the policy chapter that the orientation of the policies is towards growth of employment. This as was gathered from

the data presented on small scale enterprises cannot be achieved. The choices made by people are normally made out of no other choices available. The operators ventures into bussiness after missing employment in the wage sector. Due to this fact they are disadvantaged in terms of skills and it proves difficulty for policies to raise their level of production. It is not also possible for policies to transfer gainful activities in the industrial and commercial sector to Kenyans.

The assumption always made is that Kenya has got equiped skilled entrepreneurs who only needs a little boast to realize the policy objectives on employment and Kenyanizing the economy. In the study area the assumption is not true and there is need to intensify training programs. The improvement regarding skills has to check on aspects in areas of production, subcontracting, bussiness management and marketing.

6.3.4 Credit

As regards credit, the question is not its availability but the way one would utilize the limited capital to earn high returns. However, it was observed that the operators of small scale enterprise in the study area require capital to establish viable enterprises.

The low-incomes of the people has contributed to the low productivity of these enterprises. The operators an incapacitated in obtaining credit in that they lack the means to borrow from the financial institutions.

The credit available from the convectional institutions such as the industrial and Commercial Development Corporation or the newly formed Jua Kali Credit Scheme is beyond the reach of many. There is therefore a need to provide access to credit to the small entrepreneurs in a way that is available to many.

6.3 Policy Recommendations

6.3.1 Location

In terms of location there is need to relax . the conditions set up in siting of the small enterprises.

Almost all the premises of the small enterprises are squatter activities either in the roadsides, outside or, in the plots in the area. The effort to relocate these enterprises would result to considerable use of money. At the same time it might not help the operators of the small enterprises in overcoming their poverty.

There is therefore need to provide assistance on site, and this can be achieved through allocation of land to operators on temporary terms. The government should simply grant licensing to the operators by making the licensing requirements on use of land flexible. This will rationalize the small enterprises by making them a normal land-use pattern. Thus, in the residential area allocation of space for small enterprises should be carried out only where the site objectives on health and safety are met. This should not apply to situations where civic development is not guranteed.

6.3.2 Management Problem

It was found out that the enterprises had only one contact with the central and local government. This the requirement of licensing their operations and this enforcement is carried out eratically. There is always threats of demolition and harrassment and this inhibits the growth of the enterprises to sizeable and efficient enterprises.

The enforcement of control adopted should be repalced with intensified campaigns to organise the small enterprises. The city aministration should aim at consolidating the enterprises in various sites so as to execute efficient administration of the enterprises.

The modest approach toward the enterprises in low income residential areas degrades — the environment and the living standard for those involved.

The consolidation of the enterprises into associations provides the operators of the small enterprises to have access to better markets. It also enables them to establish associations that identify their interest and needs.

6.3.4 Training

The training programmes pursued for the small enterprises should seek to enhance the bussiness capabilities among the entrepreneurs. The most appropriate training programs are those that assist the operators of the small enterprises to operate on sustainable basis.

Here efforts should be intensified in training operators in the fields of marketing, sub-contracting, and general management of bussiness. The training should be offered on subsidized rates and would involve holding workshops, seminars and short courses. This would accerelate the skill acquisition among the entrepreneurs and hence promote them in bussiness.

6.3.5 Credit

From the observation earlier on, it was indicated that the operators are not in a position of obtaining credit from financial institutions. Thus, credit policies should provide other means as to how the small enterprises can augument resources on their own. The aim should be to improve on the existing resources.

The efforts to increase on the investible resources available can be achieved through urban extension services. This would facilitate better means on mobolising the modest capital of the operators. This requires well trained urban extension community worker to advise the operators on the formation of Credit and Savings Co-operatives. The urban extension workers should also seek to a create informal credit systems among the entrepreneurs. The approaches taken by the extension workers should be geared towards community based, member controlled enterprises.

6.4 Planning Alternatives for small scale enterprises in Dandora.

Alternative I suggest that the re-organisation of the small scale enterprises in the study area through provision of adequate stalls for all the oeprators.

This would therefore require groupping and

consolidating the various enterprises so that their number can be determined. Such a move requires the registration of all the enterprises in the area and it should be done in a way that only the residents are enumerated. To accomp-lish this, the enterprises should be accommodated in open-air markets within the area which will later on be displaced by build-up markets.

Alternative II would involve a more radical move whereby enterprises should be allowed to locate on the present site locations. As an effort towards, this, the enterprises should be licensed to locate on site in accordance to the set designs of kiosks. The enterpreneurs could thus be in a position to improve on the structure of the enterprises and hence maintain a well planned urban environment. The entrepreneurs are also placed in a position to form the association that has been recommended. This would create communitybased enterprises that would act as self-regulations This would mechanism. hinder the unproper distribution of the enterprises. The community-based enterprises could acts as a local administrative machinery at the grassroot level that ensures the needs and interests of the residents.

6.5 Conclusion

This study has largely dealt on the operations of the small scale enterprises in residential areas. Indeed the study has sought to provide guidance in the planning for small scale enterprises in the study area. The study has tried to bring out the constraints that hinder the proper development of the small scale enterprises in the area and elsewhere.

The study however observed an increasing awareness among the Government and various parties that there exist many questions than answers to the urban small scale enterprises. In the light of these the study recommends further research to be undertaken on the feasibility of establishing, urban centres for training, support and enterprises development. There is need to intensify small scale urban programs that offer training and extension as part of urban employment program. The research must be specific on less formalized support of the enterprises. Such centres could provide data on the needs, interest and capabilities of the small scale enterprises.

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Α.	PARTICULARS OF HEAD OF INTERPRISE
1.	Name of Respondent
	SexEducation
	Period of Residence in Nairobi
2.	How many are you in your household?
	(i.e those who sleep and eat in the house)
3.	Do you consider the bussiness to be your main source
	of income? Yes/No
	If, What are your other sources of income?
	(a) Shamba
	(b) Bussiness
	(c) Wage employment
4.	Did you work elsewhere before coming to Nairobi?
	Yes/No.
	If Yes, what type of work and where?
	Type of work
	Where?
5.	For how long have you operated this bussiness?
6.	Did you have any prior knowledge of starting a
	business? Yes/No

BUSS	SINESS CHARACTERISTICS:
What	are the main activities of the bussiness?
(inc	clude a brief list of the type of goods and
serv	vices)
(a)	Repairs of what?
4.	
(b)	Trade, sells what?
(c)	Services - which?
Does	the bussiness have a licence? Yes/No
(i)	If, Yes, what kind?
	(a) N.C.C. Hawker's
	(b) Trade
	(c) Health
	(d) Others? Specify?
(ii)	Did you have problems in obtaining the
	licences? Yes/No
	If Yes what problems? Specify

	(iii)	What are the requirements of obtaining a
		licence?
	(iv)	How much did you pay for the licence? Yes/No
3.	Is the b	bussiness subject to any form of inspection by
	City Cou	uncil or Government Inspectors? Yes/No
	/:\ TE	Voc what himd of improprian
		Yes, what kind of inspection
		Trade inspection
	(b)	Health inspection
	(c)	Others, specify
	(ii) How	many times last year was the bussiness visited
	by	Councils or Government Inspectors?
		Δ
4.	Has your	bussiness ever been torn down or closed and/or
	forced t	to move by the Local Authority (City Council)
	Yes/No -	
5.	If Yes,	Why?

6.	Do you think that a licences should be required to
	operate the bussiness? Yes/No
	If, Yes, how would a licence help the bussiness
C.	HISTORY OF THE BUSSINESS:
•	MIZZUGIAN OF THE BODDINING.
1.	When did you establish the bussiness on this site?
2	Why did you choose on this bussiness?
	with did you choose on this bussiness:
	*
3.	Have you operated the business elsewhere in Nairobi
	Yes/No
	If Yes, where?
4.	Why did you choose to locate the bussiness at the
	present site?
	(a)
	(b)

5.	What changes have you attempted to improve the bussiness? (a) (b)
	(c)
6.	What are the most difficult problems to overcome in
	starting a bussiness? (Rank in order, as mentioned)
	(a) Obtaining money
	(b) Obtaining a premises
	(c) Finding a good location
	(d) Obtaining a licence
	(e) Harassment by City Askari's
	(f) Lack of skills/or management knowledge
D.	BUSSINESS OPERATIONS:
7	Does the bussiness operate everyday ?
۷.	Are you a member of any organisation? Yes/No
	If, Yes, which one?
	(a) A co-operative
	(b) Trade Association
	(c) Credit Union
	(d) Rotating Credit Association
3.	Do you have any written recores of receipts and
	expenditures for the bussiness? Yes/No

4.	How	much do you get from the bussiness per month? Kshs
5.		difficulties do you encounter in selling your
	(a) (b) (c) (d)	Distance Transport costs Quality Market limitations
6.		constraints did you encounter in setting up the siness here?
	(a)	Town-planning regulations
	(b)	Public-health regulation
	(c)	Distance from place of residence
	(d)	Others, specify)
		A
7.	What	problem do you face in running the bussiness?
		Management knowledge
		Capital
	(c)	Lack of permanent premises
8.		you give three reasons that influenced you to
	(a)	~ +
	(c)	

9.	Where do you buy your products?
10.	Do you think there are many similar bussiness to your
	own in the area? Yes/No
	If Yes, how are they affecting your business?
	(a) for the better(b) for the worse
	(b) for the worse
11.	Do you consult others bussiness dealing with similar
	goods/services, when you want to raise prices? Yes/No?
12.	Are such consultations practiced in the sector?
দ	CAPITAL INPUTS:
1.	When you started the business, how much money did
	you use? Kshs
2.	What was the main source of the initial funds
	(a) Own savings
	(b) Loan from a relative (c) Loan from local lenders
	(d) Others, specify

3.	Since you started the bussiness, have there been any
	major increase in the amount of money invested in
	the bussiness?
	Yes/No
	If Yes, what was the source of these funds?
4.	Do you agree that capital is the major problem facing
	your bussiness operation? Yes/No
	If, Yes, would you say the problem lies in:
	(a) Lack of credit facilities
	(b) Management of funds
	(c) Lack of investment knowledge
F.	BUSSINESS MOTIVATIONS
1.	What do you consider to be the major limitations to
	development of the bussiness? (rank in order).
	(a) Lack of loan opportunities
	(b) Competition from other bussiness
	(c) Few customers
	(d) Licences
	(e) Lack of bussiness and/or technical skills
	(f) Other, specify

2.	What contributes to the nature and location of
	bussiness in this area?
	(a)
	(b)
	(c)
3.	What improvement would you suggest to promote your
	bussiness?
	(a)
	(b)
	(c)
4.	Do you think that the Government built market place
	or workshops for renting assist in bussiness operations:
	Yes/No
	If Yes, how do they assist?
5.	If you were given a chance what type of work would
	you like to do for a living?
	(a) Wage employment in private sector
	(b) Wage employment in public sector
	(c) Wage employment but keep operating the bussiness

6.	What minimum monthly wage would you require to
	induce you into giving up the bussiness? Ksh
7.	If you were given a chance to move your bussiness
	to another part in Nairobi, would you move? Yes/No
	*
	If Yes, where and why?
8.	If you won some money, from say the Kenya Charity
	Swepstakes, what would you do with that money?
	(a)
	(b)
	(c)
G.	PHYSICAL SURVEYS/OBSERVATIONS
1.	What type of structure does the bussiness operate in?
1.	
	(a) Permanent
	(b) Temporary
	(c) Open air
2.	For the structure specify the materials for:
	(a) Walls (a) Cardboard
	(b) Iron-sheets
	(c) Mud and wattle ;

(d) Store	5
(e) Wood	
(b) Roofs: (a)	Iron sheets
(b)	Cardboard
(c)	Polythene